

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Friday May 20 1983

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U.S.: growing optimism on economy, Page 19

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NEWS SUMMARY

GENERAL

Socialist support waning in Italy

An Italian opinion poll shows growing popularity for the small "lay" parties of the centre and waning support for the Socialists of Bettino Craxi.

The survey, the first major poll before the general election on June 26 and 27, was conducted by the respected Doxa research institute. It indicates that the Christian Democrats are recovering under Giacomo De Mita, their leader for one year. Page 3

Israelis buzz Beirut

Two Israeli fighter jets swooped low over Beirut, breaking the sound barrier and an uneasy calm as U.S.-led moves to get foreign troops out of Lebanon remained stalled.

Diplomats can stay

Bonn does not intend to expel four Soviet diplomats accused by West German counter-intelligence of spying. Page 2

Chile protest

Chile's Foreign Ministry is making a formal protest to France following French Foreign Minister Claude Cheysson's remarks that General Pinochet was a "curse on his people." Page 6

Warsaw funeral

A crowd estimated at 20,000 attended the funeral of Grzegorz Przemyski, 19, who died after being detained at one of Warsaw's police stations.

Zaire amnesty

Zaire's President Mobutu granted an amnesty to all political prisoners in the country. He also declared a general amnesty for all Zairean political refugees and said they should return by the end of June.

Peace man leaves

Sergei Batovnik, founder member of the independent Soviet peace movement, arrived in Vienna with his family. But three other members are under arrest and one is awaiting trial.

Canada spy move

The Canadian Government has introduced legislation to set up an internal spy agency that would give agents protection against prosecution for breaking the law in the course of investigations.

EEC founder dies

Belgian statesman Jean Rey, a founding father of the European Community, died in a Liège hospital, aged 80.

Japan's film award

Japanese director Shōhei Imamura's *La Ballade de Narayama* won the 1983 Golden Palm, highest award of the Cannes Film Festival.

War crimes trial

Former Nazi SS officer Heinz Barth will go on trial next Wednesday in East Berlin, charged with war crimes in France and Czechoslovakia.

Briefly...

Pope John Paul today makes the first papal visit to Milan for 363 years.

Egyptian soldier pronounced dead in 1982 arrived home after 21 years' captivity in North Yemen, it was reported.

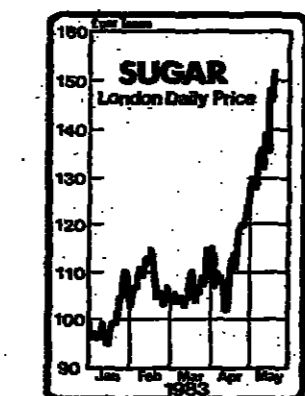
French farmers destroyed 300 tonnes of Moroccan tomatoes at an international market in Perpignan in protest at cheap foreign imports.

BUSINESS

Feldstein confirms recovery in U.S.

U.S. ECONOMIC recovery is "definitely under way and building steam," Council of Economic Advisors chairman Martin Feldstein said. The Commerce Department downgraded first-quarter GNP growth to 2.5 per cent, from a provisional 3.1, but details show demand was somewhat stronger than thought. Page 6

BRAZIL: Repayments of nearly \$800m the country is due to make next month on bridging loans raised last year will almost certainly be delayed while the IMF considers Brazil's economic performance in the first quarter. Page 6



SUGAR: London daily rates price was fixed 18c higher at £132 (\$256.21) a tonne on reports that Cuba had asked Japanese importers to agree to a delay in shipment of 185,000 tonnes contracted for June/December delivery. Page 41

DOLLAR continued to improve as hopes of an early end to U.S. interest rate rises faded. It rose to DM 2.4785 (DM 2.461). Its highest since early February, FFf 2.4435 (FFf 2.4055), SwFr 2.0711 (SwFr 2.046) and Y234.45 (Y222.5). Its Bank of England trade-weighted index was 122.6 (122.1). In New York, it closed at DM 2.477; SwFr 2.068; Y234.07; and FFf 2.4425. Page 44

STERLING fell 50 points to £1534 but rose to DM 3.855 (DM 3.84), FFf 11.585 (FFf 11.54); SwFr 3.22 (SwFr 3.1925) and Y364.5 (Y362.5). Its trade-weighted index was 83.9 (83.8). In New York, it closed at £1.555. Page 44

GOLD fell \$3 to \$440.5 in London. In Frankfurt it slipped 30.25 to \$424.5 and in Zurich eased 30.5 to \$443. In New York the Comex May settlement was \$438.3 (\$440.1).

WALL STREET: Dow Jones index closed 12.19 down at 1,191.37. Report, Page 37; Full share listings, Pages 38-40

LONDON: Shares continued to gain. The FT Industrial Ordinary index added 8.6 to 396.4. Gilt was generally slightly higher. Report, Page 37; FT Share Information Service, Pages 42-43

TOKYO: Nikkei Dow index fell 14.32 to 3,584.2. The Stock Exchange index edged up 0.23 to 632.63. Page 37; Listing prices, other exchanges, Page 40

NECKERMANN, West German mail-order group, reported losses of DM 62m (\$25.2m) last year, against DM 68.7m in 1981. Page 21

PENINSULAR & Oriental Steam Navigation share price climbed a further 24p to 214p (333 cents) as London stock market dealers gambled on a bid from Trafalgar House, the Cunard shipping and building group. Market report, Page 37

AUSTRALIA: mini-budget abolished several significant tax concessions, including relief on home mortgages for all but the worst off. It also aims to create more jobs. Page 20

SINGAPORE: inflation rate for the first three months of the year was 0.5 per cent. But the economy is still sluggish. Trade and Industry Minister Dr Tony Tan said. Page 6

France cuts trade gap as austerity moves bear fruit

BY DAVID HOUSEGO IN PARIS

France's trade deficit fell to FFf 1.5bn (\$200m) in April, the best figures for more than 18 months and the first sign that the Government's austerity measures are beginning to bear fruit.

The seasonally adjusted figures for last month follow a FFf 8.5bn deficit in March and a total deficit of FFf 25.2bn in the first quarter.

M. Pierre Mauroy, the Prime Minister, took the unusual step of announcing the figures to the Senate before their normal release at the end of the week. M. Mauroy cautiously described the results as "better" and said that they marked the return to a "good path" of a monthly deficit under FFf 2bn.

Imports fell 6 per cent in April from March to a seasonally adjusted figure of FFf 58.6bn. Exports rose 2 per cent to FFf 58.9bn.

The contraction in imports reflects the slowdown in household spending which is beginning to emerge as a result of the pay freeze and cuts in government spending imposed in the wake of last June's devaluation of the franc. It appears to have occurred in spite of the appreciation of the dollar.

Officials emphasised two special factors. These were the absence in

PÖHL REJECTS FIXED RATES

Bundesbank President Karl Otto Pöhl rejected calls for a return to an international monetary system based on fixed exchange rates. Page 3

April of the speculative import purchases which had preceded the March devaluation of the franc and a volume decline in oil purchases which offset the strengthening of the dollar. France's oil bill in April was FFf 1.7bn less than in March.

If the April results are thus seen by officials as "a little exceptional," there is no doubt that they provide a much needed psychological boost for the Government when the credibility of its stabilisation package is under attack both within the Socialist party and on the foreign exchange markets.

Only this week the Government

suffered a further setback with the announcement of the worst inflation figures in almost two years - a rise in the consumer price index of 1.4 per cent in April reflecting an annual rate for the first four months of 11.7 per cent. M. Jacques Delors, to the scepticism of friend and foe maintained on Tuesday that the Government would still be able to achieve its objective of bringing inflation down to 8 per cent by the end of the year.

The improved trade figures will help the franc, which has recently been weakening against the D-Mark in the European Monetary System. It will also help the Government resist the strong protectionist pressures the administration and the Socialist party for further import curbs to cut the deficit and hence France's dependence on external borrowing.

The halving of last year's trade deficit of FFf 83bn by the end of

Continued on Page 20

Paris calls for Airbus commitment from Bonn

BY PAUL BETTS IN PARIS

FRANCE is pressing West Germany to commit itself to the proposed new twin-engine 150-seat Airbus A-320 commercial aircraft project.

Senior officials of Aérospatiale, the French partner in the European Airbus consortium, emphasised yesterday that West German backing for the programme would stimulate UK support, which is vital if the \$1.8bn project is to get under way.

The Aérospatiale remarks, made a week before the Paris Air Show, where the A-320 project will be a big issue of discussion among exhibitors, emphasised continuing French support for the programme. Gen. Jacques Mitterrand, retiring chairman of Aérospatiale, noted that France was the only country so far to have committed itself openly to the development of the aircraft.

An agreement on work-sharing is reported to have been reached between the companies involved in Airbus Industrie, but manufacturing cannot start until the financial situation has also been settled. So far, the UK Government has given no indication of any possible financial involvement in the venture, but has been waiting for a clearer indication of market potential before making any commitments.

Gen. Mitterrand, brother of the French President, said he doubted whether Rolls-Royce and Pratt & Whitney of the U.S. would be able to develop a suitable engine for the A-320. Only one power plant existed at the moment - the CFM-56-4, jointly developed by Snecma of France and General Electric of the U.S.

Gen. Mitterrand, whose term as head of Aérospatiale ends this week, said the consortium was clearly willing to mount any engine any prospective customer wanted on their aircraft.

But there has been an increasing feeling that the French authorities are backing the Snecma-GE venture against the Rolls-Royce-Pratt & Whitney project. Aérospatiale officials yesterday expressed renewed worries about a UK-US link-up because of fears that the U.S. Government intends to exert control on homes and sales in its general restrictive trade policies on technological exports.

Gen. Mitterrand also said yesterday that a marketing campaign was now being undertaken by the consortium to test the commercial potential of a new short to medium-range commercial aircraft. He said the study was expected to be completed by the end of June, but would not disclose the results of the campaign so far.

The study will be crucial in terms of West German commitment to the new aircraft, Aérospatiale executives believe.

French officials hope a positive reaction on the part of West Germany and Lufthansa, the West German airline, could stimulate the UK to revise its currently doubtful attitude towards the A-320 project. Gen. Mitterrand described talks between British Airways and the Airbus consortium as only "smoking gently."

Aérospatiale reported earnings of FFf 98.2m, down from FFf 158.6m in 1981. The company's debts also rose sharply to nearly FFf 3bn from FFf 617m in 1981. Sales rose from FFf 13.5bn in 1981 to FFf 21.4bn last year.

New orders declined sharply last year to FFf 16.3bn from FFf 23.3bn in 1981.

Paris air show, Page 5

Dioxin containers from Seveso found in French border village

BY PAUL BETTS IN PARIS

THE MYSTERY of the missing Seveso toxic waste was solved last night. The public prosecutor of the French town of Saint-Quentin, near the Belgian border, said the 41 containers with the poisonous dioxin waste had been found in a hamlet called Angoulême-la-Sart.

They were in a slaughterhouse abandoned about 20 years ago. The French Justice Ministry last night confirmed the discovery.

The containers were found after a tip from M. Bernard Paringaux, the manager of Speladic, a toxic waste treatment company alleged to have brought the containers into France, the public prosecutor said.

The disaster at Seveso, near Milan, occurred in 1976 after an explosion at the Icmesa plant owned by the Swiss Hoffman-La Roche chemicals company.

One effect of the poisoning was the disfigurement of children in the immediate area.

The containers apparently left Italy last September and were said to have been transported by the Milan Mannesmann Italiana company to France.

The issue became a major controversy in France, re-kindling the debate over environmental protection and industrial pollution.

M. Paringaux has been in prison since the end of March and had refused to disclose where the highly toxic waste had gone.

The French authorities opened an inquiry into the missing containers in March after the French branch of Greenpeace, the environmentalist lobby, warned that dioxin-contaminated waste from Seveso had been dumped in France.

The Greenpeace report said the containers crossed the Italian border at Ventimiglia into France, were taken via Nice, Marseilles and Paris and finally to Saint-Quentin. There they were allegedly stored in a warehouse owned by Speladic.

Last night Hoffman-La Roche said two senior corporate executives were in Paris and in direct contact with the French authorities to decide the next move.

Indonesia orders re-phasing of \$10bn projects

By Richard Cowper in Jakarta

PRESIDENT SUHARTO of Indonesia has ordered the renegotiation of "all Indonesian Government projects" financed by commercial credits for requiring foreign exchange. Bankers and economists say the new instruction, issued and signed yesterday, is likely to affect dozens of projects costing a total of well over \$10bn.

The move goes well beyond the dramatic decision confirmed by the president on Wednesday, that Jakarta was postponing the bulk of four prestige industrial projects worth just over \$5bn.

Yesterday's instruction gave no details of the additional projects that will be affected, nor of their total cost. However, it has obviously upset domestic and foreign businessmen, who say this is the sharpest turn of the screw yet by a government which in the last few months has frozen wages, slashed subsidies, squeezed imports, and devalued the rupiah by 27.5 per cent.

Most economists and bankers, however, have praised President Suharto's tough new measures as a brave and essential step towards controlling the country's ailing economy. They argue that without the sharp reduction in imports that the renegations will bring about, the country's balance-of-payments deficit would have become unmanageable.

Among projects that might be affected are a 10-year electric-power programme, which had been expected to cost \$2bn every year for the next decade; several massive cement plants, which involved expenditures of more than \$1bn over the next two years; a \$400m, eight-year helicopter assembly programme; a rehabilitation and expansion of the country's railway system, estimated to cost well over \$1bn; a \$30m nuclear research facility; and other projects running into hundreds of millions of dollars.

The president's instruction orders heads of ministries, departments and government agencies to complete plans "for rephasing all projects requiring foreign exchange" by the end of July this year, after consultations with Mr Ali Wardhana, Indonesia's new economics co-ordinating minister. Negotiations with foreign contractors and financiers will be carried out by a special team led by Mr Giandjar, the junior minister for boosting domestic production.

Continued on Page 20

Thatcher style upsets senior Tory figures

BY MARGARET VAN HATTEN IN LONDON

SOME senior members of Britain's Conservative Party are becoming concerned at the style in which Mrs Margaret Thatcher, the Prime Minister, has launched her campaign to win re-election on June 9.

They were particularly dismayed by her performance at a press conference in London on Wednesday to launch the Conservative Party's programme for government. She appeared to be reluctant to allow some of her senior ministers to speak for themselves.

Cabinet ministers do not wish to see the general election campaign narrow down to single combat between the party leaders. They insist that they are individually more than a match for the team of the Labour Party, the main opposition party.

Reaction to televised excerpts of Wednesday's press conference, however, has convinced some that the Prime Minister's "headmistress" image could prove hard to overcome if she does not adopt a more relaxed style, and may prove an electoral liability.

The Prime Minister does not appear receptive to criticism on the matter. It is not clear how bluntly they have laid their doubts before

her, or indeed whether she is aware of the extent of their misgivings.

Those close to Mrs Thatcher say she finds televised press conferences something of an ordeal and becomes tense and nervous beforehand. Her apparently domineering manner, they say, masks a lack of confidence.

However, morale is high among the Conservatives, boosted by private polls conducted by Gallup and the Opinion Research Centre, which are giving consistently better results for the Tories than polls commissioned by the media.

Campaign managers say their own polls are consistently putting them at 47 to 48 per cent, against 32 to 33 per cent for Labour and 15 to 16 per cent for the Social Democrat Liberal Alliance. They no longer regard the Alliance as much of a threat.

Themes emerging in the Conservatives' campaign include leadership, left-wing extremism and the economic record of previous Labour governments.

The aim will be to present Mr Michael Foot, the 69-year-old Labour leader, as old, weak and ineffectual and Mr Denis Healey, the deputy Labour leader, as sluggish.

Election news, Page 7

Oil chief confident on prices

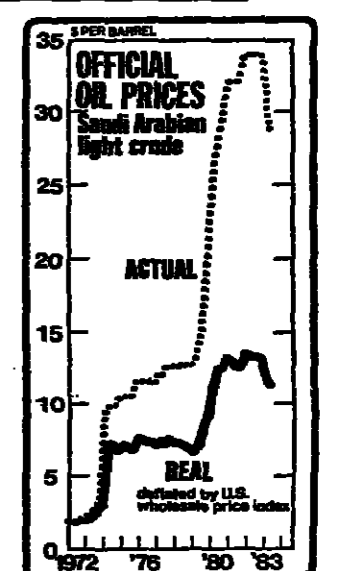
By Richard Johns in London

AN END to the rapid depletion of oil stocks and a stronger world economy would help to stabilise the price of oil at the present official rates, Mr Clifton C. Garvin, chairman of Exxon, said yesterday.

His remarks seemed intended to calm nerves in the market, where spot prices declined in the first two weeks of this month, after recovering well after the Organisation of Petroleum Exporting Countries (Opec) prices and production pact.

"Petroleum markets are certainly stronger than they were a few months ago," he told Exxon's annual meeting in Orlando, Florida. "There are indications that some stability has been achieved."

However, Sir Peter Baxendale, chairman of Shell Transport and Trading, was rather more cautious in his address to shareholders. He



said that the chances of the new price structure holding depended "on whether it meets the aspirations of the various Opec members."

Continued on Page 20
Opec loses its bite, Page 16; Lex, Shell results, Page 20; Details, Page 21

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EUROPEAN NEWS

Lovers of the Riviera need not worry about derricks in the Med, reports Paul Betts

French oil companies enter deep waters

STROLLERS on the Promenade des Anglais in Nice or the Croisette in Cannes need not worry about their view of the Mediterranean. The two large French oil companies, Elf-Aquitaine and Total, have been drilling in the deep waters facing the Riviera but their chances of a major strike of oil or gas are extremely slim, so far at least.

Since last November, the two companies, in a partnership in which Esso Rep, the French subsidiary of the giant U.S. oil company Exxon, has a 15 per cent stake, have been drilling two exploratory wells 60 miles off the coast of Marseille. "We never had any great illusions about hitting it big the first time," said M Pierre Pourreau, director of Elf's current operations in the Mediterranean.

"This drilling campaign had other purposes beyond testing the geology of the area. We have been testing new drilling techniques and technologies, necessary for oil exploration at very great depths," he explained during a recent visit on the Discoverer Seven Seas, the American drillship which has broken all the depth records in offshore exploration.

Indeed, it broke them again in the Mediterranean with the first well drilled at a new world water depth record of 1,714 metres.

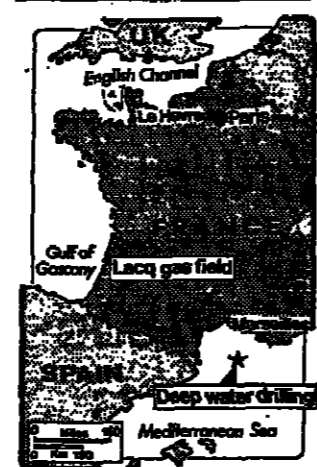
The second well, operated by Elf, has been drilled in a rela-

tively lower water depth of 1,200 metres, but it runs far deeper under the seabed, penetrating 4,700 metres compared with about 2,000 metres for the first well.

The Ffr 500m (\$43m) exploration campaign in the Mediterranean is part of France's efforts to find domestic energy resources to reduce the country's dependency on imported oil. These efforts have mostly been disappointing, apart from the big gas field of Lacq in Aquitaine, which started producing in the 1950s.

Last year, Elf searched in the English Channel near the port of Le Havre but found nothing. "We are not very optimistic about the Channel," says M Jacques Beranger, head of Elf's domestic production operations outside Lacq. Elf also looked in the Gulf of Gascony, where it spent Ffr 625m during the last two years in the hope of finding reserves where Esso had failed in the early 1960s. "What was left was the Mediterranean," M Beranger said.

Between 1968 and 1980 seven wells had been drilled in the Mediterranean in shallow waters with no success. After preliminary research and tests, Elf and Total decided to search in deeper waters. "We said to ourselves: 500 wells have been drilled elsewhere in the Mediterranean and 30 finds—although small—have been made. In 1981, they produced 3.5m tonnes of



French oil companies have seized the opportunity to test out new technology in their search for new resources to cut France's dependence on foreign energy imports. A number of deep-water drilling records have been broken

oil a year or double French domestic oil production. We thus decided to go looking too," M Beranger explained.

The trouble was that the oil companies had to go into very deep waters. "About 80 per cent of the Mediterranean is more than 200 metres deep; and 55 per cent is more than 1,000 metres deep," M Beranger said. The Mediterranean campaign was also regarded as a good opportunity to put French offshore equipment and techniques on show. One of the current aims of French energy policy is to cover about half of the country's oil import bill by the export of French oil services

and goods. France's oil bill last year totalled a hefty Ffr 131bn compared with Ffr 128bn in 1981. This year, the oil bill should have declined in response to lower world oil prices and lower domestic energy consumption (consumption fell to 82m tonnes of oil last year from 87.2m tonnes in 1981). But the collapse of the French currency against the U.S. dollar has wiped out most of these benefits.

For the Mediterranean campaign, the two French oil companies used three new technological and engineering supports manufactured by French com-

panies. These included the instrumented joint made by Matra to monitor the tension, temperature and angle variations of the riser, the pipe which ensures the link between the well and the host; an underwater camera and sonar system made by the Thomson group; and the riser itself, made by the Creusot-Loire engineering and special steels group.

The riser had to be built so that it could be assembled and set into place as quickly as possible. A conventional riser takes between four to five days to put together in this depth of water, said one of the French engineers on board the drill ship. "We can only rely on 48-hour coverage from the weather forecast."

The riser which Creusot-Loire built for the Mediterranean campaign took 30 hours to assemble. It is made up of several sections of pipe tied together by connectors. The Creusot-Loire connectors were designed to enable extremely fast assembly.

The decision to use the American ship rather than one of three existing French drillships was taken because the Discoverer Seven Seas is the only ship able to drill at such depths. France has not abandoned altogether a proposal to build a ship capable of drilling at a depth of 3,000 metres. But to make such a ship a paying proposition, the price of oil would first have to rise substantially.

Berlin link restored

By Our Correspondent in Berlin

THE first official contact since Berlin was politically divided in 1948 has taken place between representatives of the West Berlin legislature and members of the East Berlin city government and legislature.

A group of Social Democrats in the West Berlin House of Representatives held talks in East Berlin with representatives of the Magistrat, the East Berlin city government, and members of the East Berlin Stadtverordnetenversammlung (city parliament).

In August and September 1948, the East German Communists prevented the city parliament, which then represented all Berlin, from continuing its work in East Berlin after a pro-Western mayor, Herr Ernst Reuter, had been elected by Berliners. All but the Communist members moved to West Berlin to set up a new city legislature.

The visiting West Berlin legislators said that, in addition to educational matters, they spoke about the outlook for détente. They were taken to an East Berlin school, where, according to one West Berliner, teachers and pupils continued their lessons with "unimaginable discipline."

Soviet diplomats in Bonn spy row allowed to stay

BY LESLIE COLT IN BERLIN

BONN does not intend to expel four Soviet diplomats accused by West German counter-intelligence of spying.

In sharp contrast to the recent spectacular expulsions of Soviet diplomats accused of espionage by France and Britain, the West German government under Chancellor Helmut Kohl is following the practice of previous administrations.

West German counter-intelligence estimates that one third of the Soviet diplomatic personnel in West Germany is engaged in espionage. But the East German intelligence service is said to have the deepest penetration in West Germany with thousands of East and West German agents in all walks of life.

Most convicted spies in East Germany are given mild sentences in West Germany and are permitted to remain there after serving their prison terms.

AP reports from Bangkok. Special branch police yesterday arrested a Soviet diplomat and charged him with spying after he was allegedly caught in possession of a secret military document.

sphere of Soviet-West German relations.

In virtually all previous instances where West Germany disclosed the names of Soviet diplomats who were alleged spies, the diplomats were discreetly recalled within months.

Western diplomats note that Chancellor Kohl is scheduled to visit the Soviet Union on July 4 and does not want to encumber the trip with a spy wrangle.

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Russia hints at 'realistic' currency rates

By Our Moscow Correspondent in London

THE Soviet Union's leading expert on Comecon affairs, Mr. Oleg Bogomolov, has implied that Moscow is prepared to consider a reform of the transferable ruble accounting system in intra-Comecon trade and introduce "realistic currency rates" to facilitate closer integration and co-operation.

In a lengthy article in the Soviet theoretical monthly Kommunist, setting out what is in effect the Soviet response to U.S.-inspired moves to restrict technology transfers, Mr. Bogomolov added that Comecon's main priority should be closer co-operation in the development of new technologies because individual members would never catch up with the West.

The timing of the Kommunist article suggests it was meant to coincide with the now-postponed Comecon summit and reflects Soviet leader Yuri Andropov's desire to strengthen economic links between the Soviet Union and its partners and reduce Comecon's dependence on western finance and technology.

The article also precedes the forthcoming Williamsburg summit where Western measures to restrict technology transfers to the Soviet bloc is one of the more contentious items on the agenda.

Red light for Moscow Metro closure plan

By Anthony Robinson, Moscow Correspondent in London

PLANS TO close the entire 200 km long Moscow Metro network for 10 hours on Sunday night, to install automatic signalling equipment, have been hastily rescinded.

No reason has been given but the authorities, who announced the closure decision in the Moskovskaya Pravda newspaper last Sunday, are believed to have become alarmed at the risk of public disturbances as millions of Muscovites and visitors tried to reach home by alternative means.

The Metro system with its grandiose marble halls and chandeliers has been steadily expanded to provide cheap, fast transport for the ever-growing city who now live mainly in the new high-rise suburbs.

With few private cars and buses already overloaded, closure of the Metro would have stranded millions of Muscovites returning home from their habitual day out by the rivers and lakes.

AP reports from Geneva: U.S. and Soviet negotiators held a two-hour session yesterday on their conflicting proposals to ban nuclear weapons in Europe without indicating whether they had made any headway.

Trade results setback for Spanish Government

BY DAVID WHITE IN MADRID

A SETBACK in Spanish trade results for the beginning of the year has given a poor start to the Socialist Government's hoped-for reduction in the country's balance of payments shortfall.

The trade gap in January and February almost doubled from the same period a year ago to Ptas 298bn (£1.6bn), according to the latest figures. Exports failed to reap any apparent benefit from the 8 per cent devaluation of the peseta, made when the government took power in December. The total in local currency terms was barely changed from last year's level for the two months, and the February figure was actually 7.5 per cent down on the same month in 1982.

Imports in pesetas meanwhile rose by 28 per cent. However, Government officials are still counting on a substantial reduction in the trade deficit—£1.1bn last year—and on a current account gap for the year of between \$2.5bn and \$3bn compared with \$4bn last year.

They base these expectations principally on the fall in oil prices, gains to the competitiveness of Spanish products, and lower interest rates on the country's foreign debt, set to pass \$30bn this year.

The saving on Spain's oil bill, which in February made up more than 30 per cent of total imports, is put at \$1.5bn for the year.

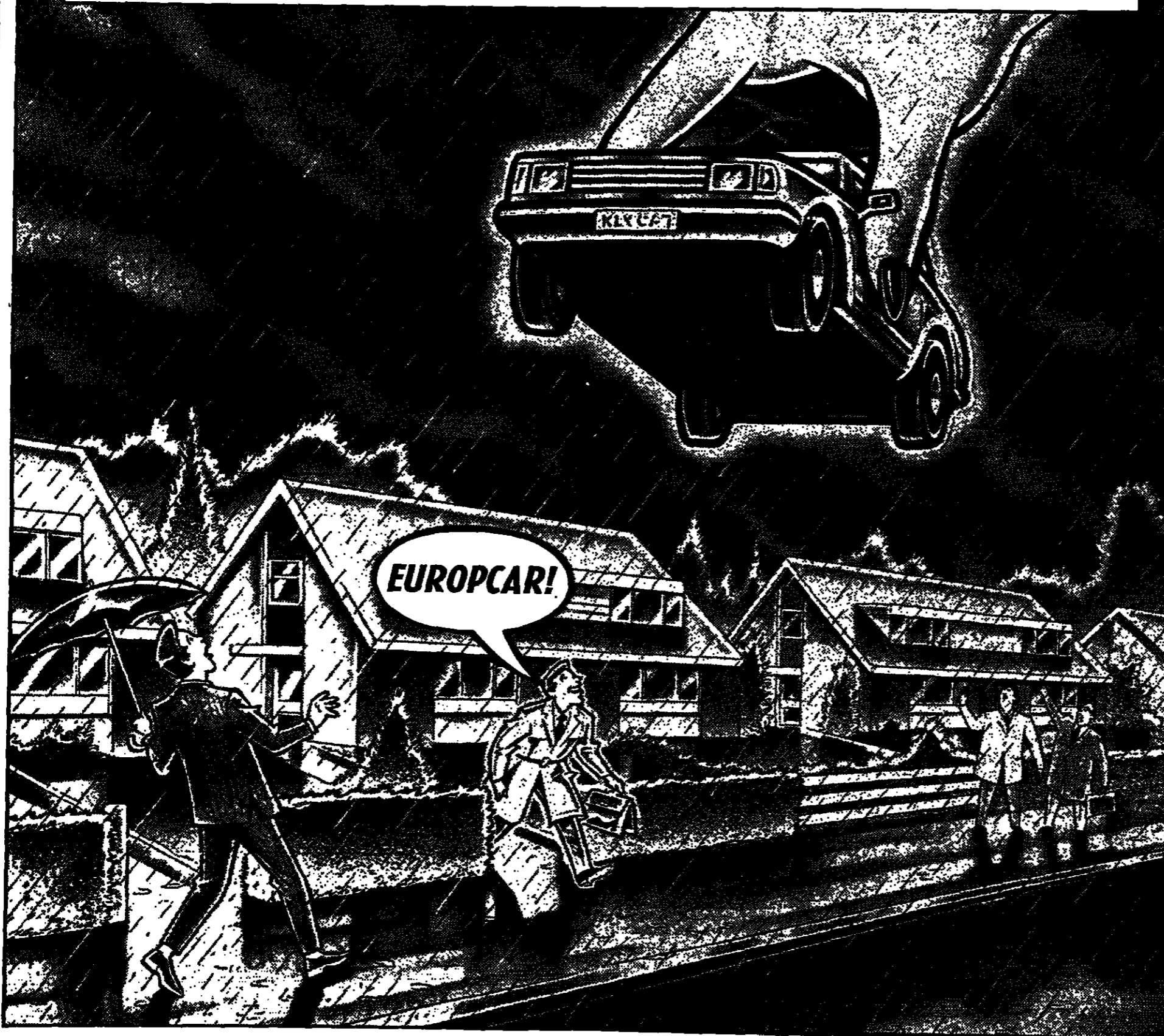
On the other hand, a significant factor in the latest figures is a sharp increase in non-oil imports, led by machinery and chemical products, which climbed by 40 per cent in February.

Meanwhile, the government is sticking to an ambitious export target of 6 per cent growth in real terms, well above the expected economic growth rates in Spain's main markets. Fears of increased protectionism by France, and the recurrence of attacks by French farmers on lorries carrying Spanish produce, have cast a shadow over these prospects.

The February trade figures reaffirmed France's dominant position as an export market for Spain, representing almost twice as much as the number two market, West Germany, and almost three times as much as the UK.

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EUROPEAN NEWS

Call for
concerted
reflationary
measures

By David Housego in Paris

EUROPEAN Socialist Governments assembled in Paris called yesterday for internationally concerted reflationary measures to achieve higher levels of growth.

In a joint declaration after their two-day meeting, they put strong emphasis on the need for the U.S. to reduce its budget deficit as an "indispensable condition" for sustainable recovery. They blamed the U.S. budget deficit for excessively high interest rates and the strength of the dollar.

M. Pierre Mauroy, the French Prime Minister, said that none of the governments present had been given a mandate to speak for the group.

But Mr. Olof Palme, the Swedish Premier, said that he hoped their action would reinforce President Francois Mitterrand's hand at the Williamsburg summit at the end of next week.

He said afterwards that while he believed that there was a consensus on the need for concerted action among the business community and trade unions through much of the world, he feared that this was not the view of other governments participating at Williamsburg.

Apart from France and Sweden, the two-day meeting was attended by Prime Ministers Dr Andreas Papanastasiou of Greece, and Mr Kalevi Sorsa of Finland. Portugal was represented by Sr. Mario Soares, who is expected to lead the next coalition government, and Spain sent a delegation in the absence of Prime Minister Felipe Gonzalez.

The idea of the conference arose out of an earlier meeting of Socialist governments in Paris in January this year called at French initiative.

Without naming them, the Socialist governments felt that of the major industrialised countries, West Germany, Japan and Britain all had room to pursue more expansionary policies. With France's recent unsuccessful attempt to pursue a single handed expansionary policy in mind, the governments stressed the importance of co-ordinated action.

The conference supported President Mitterrand's recent proposal for an international monetary conference to help establish a more stable international monetary system.

BUNDESBANK PRESIDENT ADAMANT

Poehl rejects exchange rate plea

By Stewart Fleming in Brussels

HERR KARL OTTO POEHL, president of the Bundesbank, the West German central bank, yesterday vigorously rejected calls for a return to an international monetary system based on fixed exchange rates.

Among those making the plea was M. Francois Mitterrand, the French President.

Speaking at the International Monetary Conference in Brussels, a meeting of the world's leading commercial bankers, Herr Poehl said: "I see no chance to get back to fixed exchange rates with central banks obliged to defend central rates."

"There is much too much floating capital (in the world's financial markets) which could destroy our monetary policy in a very short time," he added.

He singled out as an example the heavy flows into the D-Mark as speculation against the French franc mounted earlier this year prior to the realignment of the European Monetary System currencies in March.

But Herr Poehl added that, in his view, conditions for more stable exchange rates had improved because there was greater similarity between inflation rates in the major industrial countries.

Confidence about the prospects for continued economic recovery in both the U.S. and West Germany was expressed at the conference by the heads of the two countries' central banks.

Mr Paul Volcker, chairman of the U.S. Federal Reserve Board, said the U.S. economy had considerable recovery momentum which would be helped by stock rebuilding and the forthcoming tax cut. So far this year, he added, the U.S. economic recovery had been burdened by continued stock liquidation.

Herr Poehl said that he was expecting real growth of one percentage point in West Germany this year.

This, he added, is "more than it looks" in view of the low level from which the upswing is taking place.

Herr Poehl's remarks follow publication earlier this week of first estimates for the growth of gross national product in West Germany in the first quarter.

The German Institute for Economic Research (DIW) in Berlin estimates that in the first quarter seasonally adjusted GNP increased by 0.5 per cent.



Otto Poehl

Socialist support
waning in
Italy, poll shows

By Rupert Cornwell in Rome

THE FIRST major opinion poll before the Italian general election on June 26 and 27 has been published, indicating strengthening popularity for the smaller "lay" parties of the centre, and waning support for the Socialists of Sig Bettino Craxi.

The survey, conducted by the respected Doxa research institute, shows that the Christian Democrats are recovering under Sig Ciriaco de Mita, their leader of one year. However, the decline in the Communists' share of the vote, which began in the previous election of 1979, is continuing.

In Italy perhaps more than elsewhere, opinion polls should be treated with caution. The Doxa soundings were taken last month, and commissioned by what La Repubblica Newspaper, which published the results yesterday, described as several political and industrial organisations, including the Christian Democrats.

The poll gave 38.6 per cent of voting intentions to the Christian Democrats, confirming their standing as easily Italy's largest party. The figure indeed is slightly higher than the 38.3 per cent won in 1979.

The Communists, who are fighting the election on the platform of a left-wing alternative government, are given only 27.3 per cent, compared with 30.4 per cent four years ago, and 31.4 per cent when the party was at its zenith in 1976.

Those declaring their intention of voting Socialist were only 11.4 per cent of the sample. True, the share is higher than the 9.5 per cent the Socialists won in 1979, but is well down on the 13 to 15 per cent being attributed to the party only a few months ago.

An actual result of that kind would be interpreted as a severe setback for Sig Craxi. The most impressive performance is by the Republicans, who in 1981 and 1982 provided Italy's first non-Christian Democrat Prime Minister in the person of Sig Giovanni Spadolini. The relative success of that experiment has undoubtedly contributed to the 5.5 per cent showing in the poll, against just 3 per cent at the 1979 election.

Romania may suspend
tax on education

By David Buchanan

ROMANIA HAS told the U.S. that it may suspend next month its new education tax on emigrants, in order not to lose preferential tariff treatment for its goods in the U.S. market.

President Ceausescu decreed late last year that Romanians wishing to emigrate must repay the state the cost of their higher education in hard currency, which very few Romanians hold.

President Reagan countered by announcing that the U.S. could not under legislation barring trade concession to Communist states restricting emigration, giving Romania "most favoured nation" tariff status after June 30.

Resolution of the row, which has embittered relations between the two countries, was brought closer this week by a visit to Washington of Mr Stefan Andrei, the Romanian Foreign Minister. He informed Mr George Bush, the U.S. Vice-

President, Mr George Shultz, and Congressional leaders that his Government was reconsidering its collection of the controversial tax.

Initially impervious to U.S. criticism, the Ceausescu Government's apparent change of heart may stem from realisation that MFN privileges have become more valuable with signs of U.S. economic recovery this summer.

U.S. officials have estimated that loss of MFN could cost Romania \$200m in lost exports this year, and that 25 of Romania's top 50 exports to the U.S. would be forced out by tariffs increases of 30 to 50 per cent.

The Reagan Administration says it will wait and see whether Mr Andrei's assurances are carried out in practice. If the Romanian policy is changed by early June, there need be no hiatus in MFN treatment, U.S. officials say.

Liege region
hit by
labour unrest

By Our Brussels Correspondent

THE Liege area of Belgium was hit by labour unrest yesterday as steelworkers of Cockerill Sambre and employees of the City of Liege staged a one-day strike.

The strikes provide growing evidence of the disturbed relations between Wallonia, the French-speaking part of Belgium, and the central government in Brussels.

The steelworkers were protesting against a report, commissioned by the government, which recommends sharp cuts at Cockerill Sambre, the country's major producer.

The civic employees have staged a succession of demonstrations against what is considered the tardiness of the central government in providing funds.

Jean Rey, a founding
father of the EEC, dies

By Paul Cheeswright in Brussels

M. JEAN REY, one of the founding fathers of the European Economic Community, died yesterday, aged 80, in his home town of Liege, Belgium.

He was a member of the European Commission from the early days of 1958 and reached the peak of his international career as President of the Commission between 1967 and 1970.

He negotiated the first association agreements with developing countries which later emerged first as the Yaounde and then the Lome Conventions. As the EEC negotiator he was largely instrumental in rescuing from collapse the key Kennedy Round tariff-cutting negotiations of the 1960s, and it was his role in these negotiations which led to his promotion to the presidency of the Commission.

M. Rey had been brought up in a tough political school—that of Liege, in the 1930s, as now, one of the battlegrounds of Belgian politics. He came to national prominence after World War II, which he spent mainly in a German prisoner-of-war camp.

Associates remember him as an irrepressible optimist. M. Rey was a firm believer in a federal Europe, talking about direct elections to the European Parliament and the development of the European Monetary System years before they became facts.

"It was the honour of our generation to have had enough faith to undertake this great European enterprise. The task of future generations is to complete it," he said recently.

He lived in an age when, France notwithstanding, there was a deal more optimism about closer European integration than now.

Cyprus PM in Brussels talks

By John Wyles in Brussels

THE Premier of Cyprus, Mr Spyros Kyprianou, meets senior members of the European Commission here today as part of a major diplomatic effort to win EEC backing for a new initiative to end the partition of his country.

Although much of his talks with M. Gaston Thorn, Commission President, and his colleagues will deal with the state of Cyprus' trade relations with the EEC, Mr Kyprianou will also stress the need for Community

support for the bid by St Peres de Cusellar, UN Secretary-General, to mount a mediation mission on the Cyprus question.

Mr Kyprianou's European tour will have taken in visits to Paris, Rome and London, where he is urging backing for the UN's diplomatic initiative on partition.

On the commercial front, Mr Kyprianou is urging the Community to take a more flexible negotiating position over imports of Cypriot agricultural

produce. For the past two years, Italy and France have been blocking any move which might favour Cyprus on the grounds that other Mediterranean countries would be encouraged to seek better access for their goods.

This has prevented the EEC from honouring undertakings to negotiate a customs union with Cyprus, originally due to come into force at the beginning of next year.

Dutch minister warns of
deficit funding problems

By Walter Ellis in Amsterdam

THE FAILURE of this week's Dutch state loan to raise more than Fl 500m (200m) for the Government's coffers has been cited by Mr Herman Ruyter, the Netherlands' Finance Minister, as evidence of how difficult it was going to be this year to fund the public sector deficit.

That deficit this year is expected to reach Fl 33bn, and Mr Ruyter said that the latest loan failure had been an important straw in the wind.

There was no longer any easy means of raising bridging finance, and the only long-term solution to the problem was a reduction in public spending leading to a more equitable ratio between actual revenue and borrowings.

The Dutch Government is committed to bringing the public sector budget deficit down to 7.4 per cent of national income by 1984. Last year the figure was 10.5 per cent, and this year, in spite of Fl 15bn in spending cuts, the deficit could soar to 12.5 per cent.

Last year, the state redeemed Fl 4bn, leaving the total national debt at Fl 144.7bn—Fl 26m more than in 1981. Dutch private investors in 1982 put Fl 3.8bn into state loans, accounting for 21 per cent of the total, while institutional investors made up 50 per cent and foreign investors the rest.

Until this Tuesday, the Government had raised Fl 10.4bn on the Dutch capital markets. It needs much more. Clearly, though, investors are hesitant, and it may be that only higher interest rates will tempt them—something which is contrary to Government and central bank policy.

W. German market for
cars still improving

By John Davies in Frankfurt

THE WEST GERMAN market for cars and trucks improving slowly, but production is still severely hampered by weak exports.

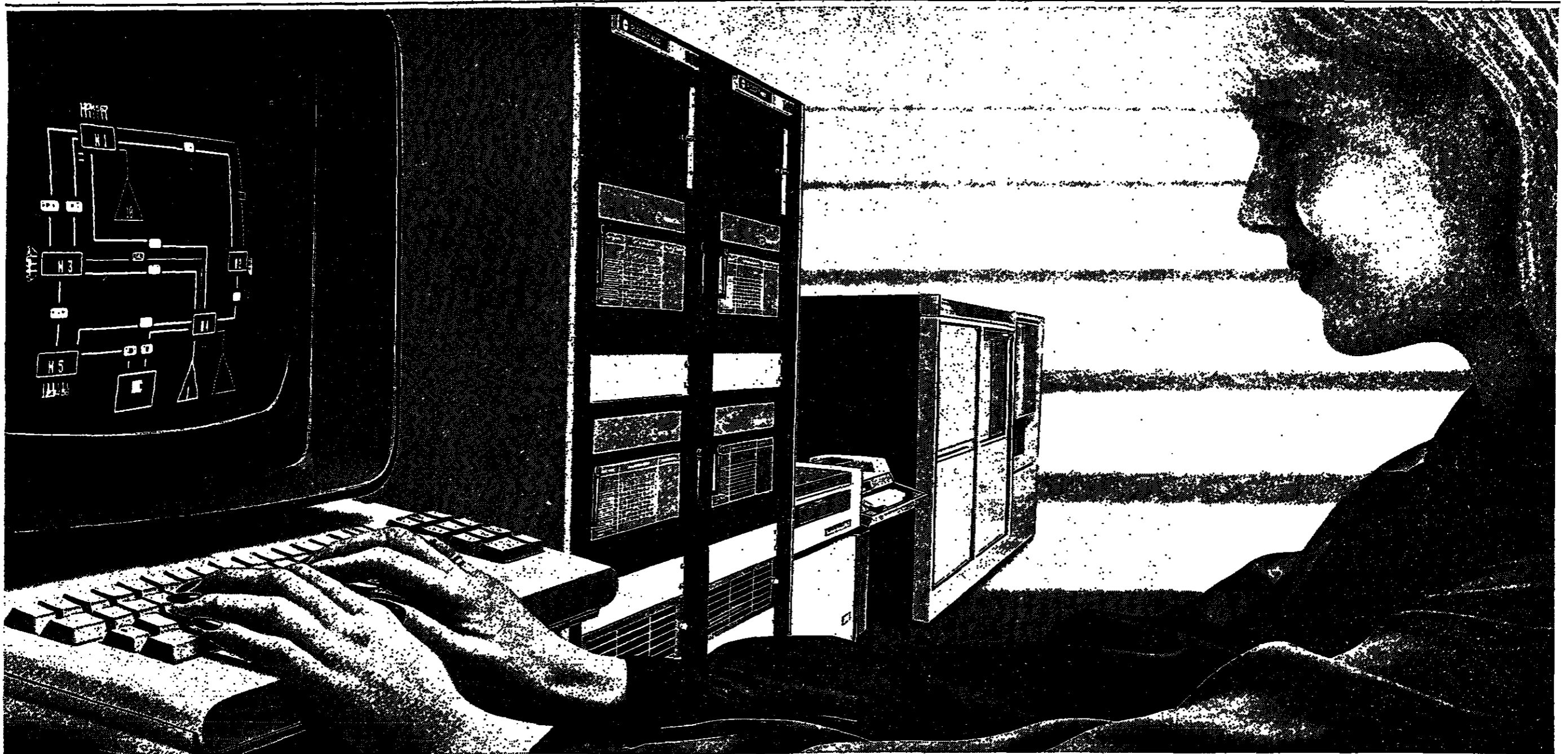
The West German motor industry association said yesterday that domestic sales of cars and vans gathered pace last month and even the strictest trucks market had improved.

Export demand for cars, however, had weakened noticeably last month while orders for

commercial vehicles stagnated at their low level.

Output of all types of vehicles in West Germany in the first four months of this year—1.43m—was 7 per cent down on the same period last year, when export sales were buoyant.

Production of passenger cars and vans was 1.33m compared with 1.43m a year earlier, while truck and bus output was 101,800 compared with 110,360.

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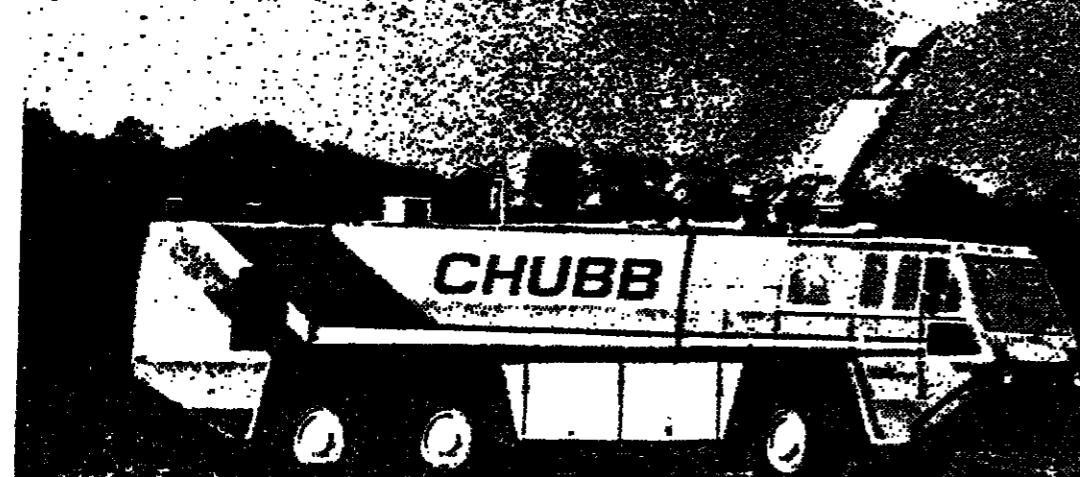
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WORLD TRADE NEWS

French jobs protest hits portable computer plans

By Christian Tyler, Trade Editor

A FRENCH protest campaign appears to have interrupted plans by the country's state-owned electricity and gas utilities to buy a British electronic device.

The product is a portable computer for the man who reads the meter; it carries each customer's account in its memory bank and can print a bill on the spot.

Its developers, a private company in Milton Keynes called Immediate Business Systems, had hoped that successful trial of the system in Paris would lead to orders for up to 3,500 machines worth about £25m.

But the future of the trial, ordered by Electricité de France, is in some doubt following complaints from French trade unionists worried about

jobs and from local electronics companies. Questions about the foreign purchase of this equipment for State industries have been raised in the French parliament.

Electricité de France has told the English company it is keen to test the equipment because it sees cost and cash flow advantages. It has failed to find a French manufacturer who could meet the specification—at least not for several years.

The agreement for the £400,000 pilot project is to be considered next month by the inter-ministerial committee that scrutinises contracts of France's nationalised industries.

A British embassy official in Paris said the matter was under consideration both there and in

London. The contract was "by no means lost."

IBS remains in the dark about whether EDF will be allowed to go ahead. It has been told by the French company, since the protests began, that it is reviewing its budgets and the IBS agreement is part of that review.

To counteract the French CGT union's worry about jobs, IBS said it would probably have to set up a plant in France to manufacture the computers if it won a big order. It had also looked at ways of maximising local content of the equipment. The instant bill machine has been tried out for a year in the south of Scotland and trials began this week with the South-West Electricity Board.

DSM denies fertiliser dumping

By Walter Ellis in Amsterdam

DSM, the Dutch chemicals and resources group, has rejected claims by France and West Germany that it is dumping subsidised fertilisers on the European market.

Mr Wim Bogers, the DSM chairman, said this week that gas prices charged to the fertiliser division of his company, which are at the heart of the dispute, had increased sharply last year.

The French and West German governments had claimed that the company's use of subsidised natural gas had given it an unfair competitive advantage in the manufacturing of fertiliser. But Mr Bogers observed that several French fertiliser companies had run into difficulties in 1982 and had been assisted by their government.

So far, he knew of no official complaint.

DSM has for some time been sold gas at reduced prices. But this was intended only to assist that part of its production exported to third countries, where there was little or no European competition.

The French and West Germans maintain that subsidised Dutch fertiliser is being sold in their domestic markets at a price some 10 per cent below that possible for local manufacturers.

PARIS INTERNATIONAL AIR SHOW

Decision on new Airbus still in doubt

SEVERAL major new aerospace developments—one civil and one military on the air-frame side, and one new engine programme—seem likely to dominate next week's Paris International Air Show, writes Michael Donne, Aerospace Correspondent.

In any event, the problem of the engine has still to be settled. Airbus is discussing its engine, based on the CFM-56, a Franco-U.S. venture.

But, like the other aircraft manufacturers, it would prefer a new, advanced technology engine, such as that now being

and Italian air forces later in the 1980s.

The UK is now embarking upon development of a "technology demonstrator"—a single-aircraft venture called the Experimental Aircraft Project (EAP), which the industry hopes will be the forerunner of a new full-scale development

trated more in the UK and Western Europe, with the U.S. remaining aloof. But rising costs in both civil and military ventures in recent years have forced a change of mind.

Increasing emphasis among European partners in Nato for a more equitable sharing of military aircraft and missile research, development and production is also forcing a greater U.S. awareness of the benefits of collaboration.

The feeling in Western Europe aerospace increasingly is that the U.S. can no longer expect to continue to dominate military procurement on this side of the Atlantic with its own aircraft and missile programmes, without taking more West European ventures at least on a partnership basis.

This message has got through to some U.S. companies, but it is expected to be pressed much further by the European industry during the ten days of the Paris show.

There is still a feeling among many companies in West European aerospace that U.S. companies still regard collaboration as being little more than permitting European companies to be sub-contractors to U.S. programmes, with little or no technology transfer.

The European aim increasingly is for the U.S. to buy more European products and to establish joint ventures with joint financing and technology contributions.

Several major aerospace developments—one civil and one military on the air-frame side, and one new engine programme—seem likely to dominate next week's Paris International Air Show, writes Michael Donne, Aerospace Correspondent.

planned by the seven-company, five-country consortium being put together by Rolls-Royce of the UK and Pratt & Whitney of the U.S., with companies from Japan, Italy and West Germany.

This new engine group is still working out its plans, with an end-June target date for the establishment of a new joint company, International Aero-Engines. Progress with the venture will be one of the major themes at the Paris air show.

The other major venture on which interest seems likely to centre is the current European plan for a new tactical combat aircraft to replace Jaguars, Panthers and other fighters in the RAF, Luftwaffe and French

programme for the Agile Combat Aircraft (ACA).

The UK is hoping both the West German and Italian aerospace industries will join the EAP venture, and subsequently also the ACA.

But the French industry, with Government support, is developing its rival venture, the Avion de Combat Experimental (ACE) and is also wooing the West German and Italian industries.

Beyond these programmes, it is clear that many U.S. companies appearing at Paris will be putting more emphasis than ever before on international collaboration in new civil and military aerospace ventures.

In the past, international collaboration has been con-

Caracas clash on refinery deal

By Kim Foad in Caracas

VENEZUELAN OPPOSITION parties are demanding a full-scale investigation of a \$235m (£150m) refinery deal. They claim that the Government tried to skirt the country's congress in approving acquisition of 50 per cent of a West German refinery complex.

Opposition parties claim that the deal, calling for Petroles de Venezuela, to acquire part of Veba Oel's Gelsenkirchen

refineries while supplying up to 150,000 barrels-per-day of crude over a 20-year span, was signed last month.

Under its terms, Venezuela's actual cash outlay is \$67.5m with its state oil monopoly taking over the rest of the investment.

Opposition parties claim Congress should have been consulted, but instead, the Gov-

ernment went ahead with the deal following approval by the Solicitor-General—a procedure both President Luis Herrera Campins and Energy Minister Humberto Calderón have vigorously defended.

Venezuela's West German partners are nervously watching the political battle.

Boost likely for Canada groups in S.E. Asia

By Wong Sulong in Kuala Lumpur

A CHANGE in Canada's trade strategy by offering more concessive financing and credits is expected to give a strong boost to Canadian companies bidding for large projects in South-East Asia.

At least one project—a \$200m (£128.6m) timber venture in Malaysia—is expected to go ahead.

When Mr Pierre Trudeau, the Canadian Prime Minister, visited the five countries in the Association of South-East Asian Nations (Asean) last January, he was told one reason why Japanese and South Korean companies had been so successful in winning contracts was that their Governments and banks were ready to come forward with financing and credit facilities.

This message has apparently been heeded: Mr Gerald Regan, Canada's Minister of International Trade, has told Asean leaders that Canadian agencies are now prepared to discuss financing for Canadian winning bids. Mr Regan left Kuala Lumpur yesterday after an 18-day Asean and Hong Kong tour.

He said that, for example, the Canadian Export Development Corporation would finance a timber venture in the East Malaysian state of Sabah up to as much as 85 per cent.

Mr Regan also disclosed that a Canadian subsidiary of Babcock and Wilcox of the UK was competing against three Japanese companies for a \$150m-\$200m deal to supply boilers to the Malaysian Electricity Board for its huge coal-fired power station at Port Klang.

The Canadian company is reported to be facing stiff competition. The Japanese Government last January pledged a special soft loan for the project.

Australia and Canada vie for Philippines deal

By Emilia Tagaza in Manila

AUSTRALIA and Canada are vying to build a coal transport system for the Philippines' first coal terminal being constructed in the country's central region.

Australia's Broken Hill Proprietary has proposed a \$35m (£22.3m) slurry pipeline that will transport coal from the blending facility to cement plants in Manila. The pipeline will be capable of transporting up to 1.2m tonnes of coal annually to the plants. BHP had done the feasibility study for free.

Meanwhile, Canadian Pacific Consulting Services (CPCS) has offered a \$90m, 137-km railway that will be capable of carrying 1m tonnes of coal annually. The Canadian company's proposal involves the extension and rehabilitation of existing railways of the state-owned Philippine National Railways.

Both BHP and CPCS have assured the National Coal Authority (NCA) of funding for their respective projects' material imports and for their construction.

However, NCA seems interested in a total funding package that would finance not only the cost of equipment and materials but also the peso funding requirement of the projects and the interest incurred during construction.

An NCA official said that although the pipeline is the cheaper project and would be easier to maintain, the railway could be used to transport other commodities and could help make public transport from the central Philippines to Manila more efficient.

But the deal hinges on the attractiveness of the financing packages that will be offered by each company.

Algiers trade fair attracts 1,600 companies

By Francis Ghiles in Algiers

ALGIER'S International Trade Fair which opened yesterday has attracted 1,600 companies from more than 50 countries, the highest ever attendance in the Fair's 20 years and a reflection of this North African country's ability to maintain a more steady income from its exports of oil and gas than most of its Opec partners.

Algeria's export of oil and gas are expected to fall by \$1bn-\$2bn this year, which would represent a decline of around 15 per cent over last year's figure of \$13bn (£8.6bn). Crude oil will only account for about one-fifth of this year's export income. The balance being accounted for by natural gas

condensates and liquid petroleum gas.

Despite its stance in world affairs which is usually critical of Western countries, more than 80 per cent of Algeria's trade is conducted with Western nations. Algeria's imports last year were worth \$10.5bn—a figure senior officials here say will only decline marginally in 1983, probably by about \$500m.

Imports of capital goods are expected to reach \$3.7bn—a slightly lower figure than last year. The difference is accounted for by the fact that massive orders for prefabricated housing units placed last year will not be repeated this year.

Polish export performance leads to recriminations

By Christopher Sobinski in Warsaw

POLAND'S DISAPPOINTING hard currency export performance so far this year which is threatening import targets and the achievement of a surplus to finance the minimum of debt servicing, has led to mutual recriminations between producers and the Government.

Hard currency earnings in the first four months of the year were worth zlotys 125.6bn (£1bn) an increase of 1.9 per cent on the same period last year. This is 5 per cent short of growth planned for 1983.

At a meeting this week of key exporters and senior Government officials, the Government complained the low quality of goods in the electro-machinery sector which includes machine tools, house-

hold equipment, cars and ships, as the crucial factor for the poor performance.

The value of hard currency sales in this sector after four months was planned at Zl 37bn while in fact it reached just Zl 30bn, a drop of 30 per cent on sales to the West compared with the same period in 1982.

Exporting companies are also unhappy with export incentives being offered and the present rate of exchange and are demanding a devaluation. This is being resisted by the Government as inflationary.

Exporters also complained at continuing Government limitations on their autonomy, shortages of raw materials and Poland's poor post-marital law image in the West for the short-

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OVERSEAS NEWS

Peter Montagnon explains why the colony's currency is under pressure
Hong Kong search for a magic wand

IT IS said in Hong Kong that within a year the U.S. dollar will either be worth more than HK\$8 or less than HK\$5. The colony's notoriously volatile exchange rate has become an instant barometer of confidence in Hong Kong's political future since Mrs Thatcher visited China last year — and the political question could either go very right or very wrong.

At the moment the foreign exchange market is giving political pollsters a clear thumbs down. This week the Hong Kong dollar has been touching successive lows. It broke through the psychological level of seven to the U.S. dollar on Wednesday and yesterday slid even further to 7.095, simultaneously plunging a new low on its trade-weighted index of 74.7.

This is not to say that there has been a wave of panic selling. The currency has simply drifted lower in a thin market and the trend has not been resisted by the Hong Kong Government, which has retained its reserves in excess of HK\$300bn and could intervene massively if it wanted to.

Instead, the establishment in Hong Kong is making rather half-hearted attempts to talk the currency up again. Mr Michael Sandberg, chairman of the Hong Kong Bank, told its annual meeting last week that the Hong Kong dollar should recover later this year, and there are some good reasons why this might happen.

In the first place, the value of the Hong Kong currency has been affected by the worldwide surge in the U.S. dollar, which could be reversed. Trading has also been thin, which means that regular daily sales of Hong Kong dollars by the Bank of China to cash in its export earnings from the territory weigh heavily on the local money market.

SIR EDWARD YOUNG, Governor of Hong Kong, may go to Peking to take part in negotiations on the future of the British territory, in July, after China has concluded its National People's Congress and Britain its general election. Robert Cottrell reports from Hong Kong.

Such a move would be regarded as giving fresh impetus to the negotiations which followed Mrs Thatcher's visit to Peking last September, but which so far appear to have been sparse and halting.

They have so far been handled for Britain by its ambassador to Peking, Sir Percy Cradock, who had been scheduled to retire from the post in autumn this year, but

Secondly, the tendency of local residents to switch their bank deposits into U.S. currency for tax reasons — foreign currency deposits are exempt from the 10 per cent withholding tax on interest — has also depressed the Hong Kong unit for a long time.

But the most important economic factor affecting the exchange rate is the fact that the Government hopes, which will push it up again. Hong Kong's economy is recovering at a dramatic pace. Order books are lengthening and exporters have had to take a lot of raw materials and components abroad.

The argument goes that this flow will soon move into reverse. By the end of the summer, export proceeds will start to be repatriated to Hong Kong as the industry seeks to pay off its local currency debts and cover other costs.

As export receipts flow in, a more immediate danger to

who is now expected to remain until at least the end of the year.

China's public stance since Mrs Thatcher's visit has been to insist that it will recover sovereignty over Hong Kong at or by 1997, when Britain's lease over much of the territory expires, and that the territory will then be allowed autonomy in managing its affairs. China's constitution provides the basis in principle for such an arrangement.

It is now doubted, however, that China will use the forthcoming Congress as a platform to spell out formally its plans to apply the constitution specifically to Hong Kong.

The Hong Kong dollar should recover naturally and its rise could pick up speed as market operators who are now short of the local currency rush to cover their positions.

There is no doubt that the Hong Kong dollar is now seriously undervalued. It has lost more than a quarter of its international value since 1981. But there seems to be no escaping the fact that, at the moment, the recovery scenario has more than a touch of wishful thinking about it.

Privately, senior bankers and Government officials will admit that the present exchange rate does reflect a deep-seated defeatism among the financial community over the political future. Such an attitude is based on little more than speculation, since there appears to have been little tangible development either way since November.

A more immediate danger to

Hong Kong than its eventual political fate after the lease on the New Territories expires in 1997 is an erosion of economic confidence caused by the sheer uncertainty.

The Government's concern is based on a nightmare series of events which could run as follows:

A continued decline of the Hong Kong dollar in exchange markets forces a sharp increase in interest rates. Best lending rate was already raised by one point to 11 per cent in April to defend the currency.

This would abort the recovery and make the property slump even worse. At the same time, the depreciation of the currency would have a serious impact on inflation. Particularly affected would be food prices, as Hong Kong imports all its food. As a result of the weaker dollar, the inflation rate is already expected to exceed the Government's budget forecast of 9 per cent for 1983.

Even normal cautious bankers admit that the result of such a scenario could be a loss of confidence in the Hong Kong dollar, which in turn would make the political confusion even worse.

Thus, while the currency might strengthen later in the summer with economic recovery, the number of people who admit to the possibility of things going wrong seems to be growing. Worse still, nobody can suggest a way of stopping such a pernicious process of self-destruction if it really got underway.

As one senior Government official put it: "If we could have a magic wand to change Hong Kong's future relationship with China in such a way that business could carry on as normal here, then confidence in this place would revive so much that we would probably have to close the foreign exchange markets for a week."

REPAYMENTS TOTALLING nearly \$800m that Brazil is due to make next month to Bank of International Settlements and major western banks of "bridge loans" raised last year will almost certainly have to be delayed while the International Monetary Fund considers Brazil's economic performance in the first quarter.

It will be the second time in a row that the Brazilian Government has had to ask the BIS to permit a postponement in the quarterly repayments on its \$1.2bn loan. In March, a two-week delay was granted. In a Brazilian television interview on Wednesday night, Sr Carlos Lacerda, the Central Bank Governor, acknowledged that the disbursement of the next tranche of the IMF's \$4.9bn loan would be delayed by up to a month. In turn, this will prompt an equivalent delay for the linked commercial bank loans.

As the Brazilian schedule of loan inflows and instalments repayments is closely matched, Government officials say the IMF's recommendation of the Brazilian accounts will inevitably trigger repayment delays. An IMF mission is to visit Brazil next month.

After the programmed repayments are made to the BIS, the Government will have to reduce to only \$145m. Foreign banks here expect that the Government will initiate contacts with the participants in last year's \$1.2bn "bridge loans" to roll over the \$1.2bn residue for a further 90 days. One senior U.S. banker said last week that he had not been expecting the next payment to be made in time.

Meanwhile, Planning Ministry officials in Brasilia are putting the finishing touches to a new round of cuts in state capital spending, expected to be announced next week.

The revised state company budgets are likely to cut to the bone investment in major development projects, with steel and electricity generation certain to be worst hit.

Speaking before the Federal Senate on Tuesday, Sr Delam Neta, Planning Minister, promised a "dramatic reduction" in the public sector deficit — currently equivalent to over 15 per cent of gross domestic product — and more rapid reductions in subsidies particularly in the agriculture and energy sectors.

AMERICAN NEWS

Brazil likely to postpone repayment of loan again

By Andrew Whitely in Rio de Janeiro

THE U.S. economic recovery is "definitely under way and building up steam," Mr Martin Feldstein, chairman of the Council of Economic Advisers, declared yesterday, as the Commerce Department published a somewhat ambiguous revision of the gross national product figures for the first quarter of this year.

The Commerce Department downgraded first-quarter GNP growth to 2.5 per cent from the provisional estimate of 3.1 per cent published last month, but the details of the figures showed that demand in the economy was actually somewhat stronger than previously thought.

Real final sales, the figure comprising total demand for consumer goods, capital investment, government spending and net exports, grew at an annual rate of 1.3 per cent during the quarter, against a provisional estimate of 0.9 per cent. But the stronger final sales figures were more than offset by a \$37.3bn cut in business inventories. April's provisional estimate had shown inventories falling by only \$26.5bn at an annual rate.

Overall, the GNP figures were only slightly below market expectations, and Mr Feldstein said yesterday that he remains confident about economic recovery continuing for the rest of the year. The GNP was still expected to increase by about 4.5 per cent between the fourth

Feldstein confident over continued U.S. recovery

BY ANATOLE KALETSKY IN WASHINGTON

EMPLOYMENT IN the U.S. service industries is expected to increase by 43 per cent over the next 12 years, while employment in U.S. manufacturing industries is expected to grow at less than half that rate, according to preliminary forecasts of the U.S. Department of Labour, William Hall writes from New York.

The department, which revises its long-term employment forecasts every couple of years, has released a preliminary report which shows that factory employment is expected to rise from 13.2m to 22.7m between now and 1995. Over the same period, employment in the service industries is expected to rise from 22.6m to 32m.

One in three jobs created will be in the service industries and one in seven in the manufacturing sector.

The projections, which may be revised before the final report is published in the autumn, are based on a projected economic growth rate of 3.3 per cent a year for the rest of the decade and 2.5 per cent a year in the first half of the 1990s.

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Overall, the GNP figures were only slightly below market expectations, and Mr Feldstein said yesterday that he remains confident about economic recovery continuing for the rest of the year. The GNP was still expected to increase by about 4.5 per cent between the fourth

quarters of 1982 and 1983, he said.

He admitted there were some "soft spots" in the recovery, particularly in demand for exports and capital goods. Yesterday's GNP figures contained slight downward revisions in both net exports and non-residential investment relative to April's provisional report.

Exports have fallen particularly sharply in recent months. The first quarter's exports were 12.8 per cent in real terms below their average level of 1980-81. Imports were 1.3 per cent higher in real terms over the same period.

Despite the patches of the recovery, the public perception that economic conditions are improving is gaining ground rapidly in the U.S. and is increasing President Ronald Reagan's approval rating. A Washington Post-ABC opinion poll published yesterday showed the President's popularity at its highest level since November 1981, with 53 per cent approval of the way he is handling his job against 42 per cent who disapprove.

Mr Donald Regan, the Treasury Secretary, yesterday refused to comment on whether President Reagan intends to reappoint Mr Paul Volcker as chairman of the Federal Reserve Board, except to say that he himself would not be a candidate for the post. Mr Regan also said that the Fed's policy of "tight money" was "not a candidate" for the post. He would further if action were taken to reduce the budget deficits beyond 1985.

attack or whether the Soviet Union would launch a "conventional attack" all three legs of the U.S. Triad, including sea and airborne forces as well.

The estimates were disclosed as supporters of Mr Reagan's plans claimed enough support to ensure a pro-MX vote in the Senate. The administration wants to hold next week. Opponents want to delay the vote to give Congressmen further time to assess the strength of anti-MX feeling in their constituencies.

Meanwhile, the navy said that it was putting increased emphasis on operating its nuclear-powered attack submarines under the Arctic ice cap so as to be prepared to track down and destroy nuclear-armed Soviet submarines in the event of war.

MX 'highly vulnerable to attack'

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

OPponents of President Ronald Reagan's MX intercontinental missile yesterday drew last-minute encouragement from new U.S. air force estimates suggesting that as little as 1 per cent of the U.S. land-based missile force might survive a well-executed Soviet first strike by 1989.

The estimate, now being circulated on Capitol Hill, is lower than any previous Pentagon projection.

The increasing exposure of the existing U.S. Minuteman force to Soviet attack was the prime reason for Mr Reagan's pledge to close the so-called "window of vulnerability" by deploying the modern 10-warhead MX.

Congressional critics of the new missile argue, however,

that it will be just as vulnerable as the Minuteman, if as Mr Reagan now intends, the first 100 MXs are based in existing Minuteman silos. The air force estimate could imply that only one of the 100 MXs might survive a Soviet attack by the end of the decade.

The chart shows that between 10 and 35 per cent of the 1,047-strong existing land-based intercontinental missile force would survive a first strike by today's Soviet forces. With increasing Soviet firepower and accuracy, however, the survival estimate drops to between 1 and 7 per cent by 1989.

The air force adds, however, that the chart does not deal with Soviet uncertainties such as whether the U.S. would launch its land missile on

attack or whether the Soviet Union would launch a "conventional attack" all three legs of the U.S. Triad, including sea and airborne forces as well.

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Singapore economy 'sluggish'

By Kathryn Davies in Singapore

SINGAPORE HAS recorded one of the lowest rates of inflation in the world — 0.5 per cent for the first three months of this year — but the economy is still performing sluggishly and Singapore faces "a difficult journey ahead," Dr S. D. Tan, the Republic's Minister of Trade and Industry, said yesterday.

The Singaporean economy is performing lopsidedly, with an overall growth rate of 5.1 per cent in the first quarter at an annual rate compared with 6.3 per cent for the whole of last year. Manufacturing declined by 10.7 per cent, shipbuilding and oil rise construction were down nearly 19 per cent and external trade declined by 4.6 per cent.

But the construction sector grew 30 per cent fuelled by a large public housing programme. Financial and business services and transport and communications both grew.

Indo-Pakistan affairs suffer fresh strains

By K. K. SHARMA IN NEW DELHI

FRESH strains between India and Pakistan have emerged just before the first efforts are made to find ways of economic co-operation between the two countries which have had hostile relations since they became independent in 1947.

The tension arose when an Indian Government spokesman declared that it would be difficult to find solutions to problems with Pakistan and China now that they had ignored protests against the construction of the Karakoram Highway through mountainous parts of Kashmir that India claims.

The official's remarks referred not just to the building

S. Africa counts cost of drought

By J. D. F. Jones in Johannesburg

THE SEVERITY of the drought in South Africa has been underlined by a survey carried out by the South African Agricultural Union, which calculated the foreign exchange cost at over R1bn (\$500m).

Between R700m and R800m will be lost in agricultural export earnings and R800m will have to be spent on food imports.

The survey adds that farm income will fall to about R1.2bn compared with R2.68bn two years ago, and points out that this will reverberate throughout the economy.

The confirmation of a slump in agricultural exports (together with the need for substantial food imports) will qualify the report as evidence of a rapid improvement in the balance of payments.

Chile protests to France over critical remarks

CHILE's Foreign Ministry is making a formal protest to France, following French Minister Claude Cheysson's remarks yesterday that the country's leader, Gen. Augusto Pinochet, was "a curse on his people."

Mary Helen Spooner writes from Santiago.

A communiqué released by the Foreign Ministry said the remarks constituted an unacceptable intervention by France in Chile's internal affairs.

Mr Cheysson denounced "the increasing number of round-ups and arbitrary arrests in Chile in a statement made to the French National Assembly on Wednesday."

The French Embassy in Santiago reported that Ambassador Leon Borrier had travelled to France last week for personal reasons but was consulting with his superiors in Paris following the disturbances in Santiago early on Saturday.

Canadian Bill proposes new security agency

BY NICHOLAS HIRST IN TORONTO

THE Canadian Government has introduced legislation to set up an internal spy agency which would give agents protection against prosecution for breaking the law in the course of their investigations.

Agents of the new Canadian Security Intelligence Service will be allowed to commit "infractions" of the law such as speeding, trespassing or damaging private property providing the action was reasonable and necessary. Such actions must be reported to the Federal Solicitor General and the Federal Attorney General.

Agents have also been given powers to open mail, tap telephones, plant bugs, and conduct clandestine searches on receipt of a judicial warrant.

The Bill to set up the service was immediately attacked by the small, left of centre, opposition New Democratic Party. Mr Svend Robinson, its spokesman on national security matters, said the Bill was a "major onslaught on the basic rights of Canadians."

In the past, threats to national security have been investigated by the Royal Canadian Mounted

Ford launch aims to recoup share of market

By Paul Taylor in New York

MR PHILIP CALDWELL, Ford Motor Company's chairman, yesterday officially unveiled the two new family-sized front-wheel drive cars which the company claims will help it recapture its falling U.S. market share.

Ford has spent four years and \$1bn developing the Ford Tempo and Mercury Topaz in an effort to help reverse the company's recent fortunes. In 1978, it held a 22 per cent market share, against 17 per cent today.

Mr Caldwell took the opportunity at yesterday's launch to announce that Ford, the car rental company, has placed an advance order for 15,000 of the new models — the single largest order for passenger cars Ford has ever received.

The company yesterday staged a spectacular launch. It hired the flight deck of USS Intrepid, a retired U.S. navy aircraft carrier moored in the Hudson River in New York, to show off its new products.

The launch underlines the importance of the advanced new car for Ford, which has reported three successive years of big losses and only managed to scrape back into the black in the first quarter this year.

Mr Caldwell, standing on the Intrepid's flight deck yesterday, said the two new cars "represent the bold new direction we have taken at Ford."

Ford has built some impressive features into the futuristic Tempo and Topaz, including what it describes as the most advanced computer now available in a production car anywhere.

The car company has also abandoned its traditional "box shape" for family cars. The curvy aerodynamic design makes the Tempo and Topaz look more like the products currently coming out of Europe and Japan.

The Tempo carries a basic price tag of \$8,990 and the Topaz will sell for \$7,355. Mr Caldwell said yesterday that the car, which will be produced in Ford's Oakville, Ontario and Kansas City assembly plants, might be produced outside North America. It would be produced in Europe. The two cars go on sale on May 28.

The project has represented a huge investment by Ford. The 2.3 litre four-cylinder engine alone cost \$315m to develop.

S. Korean GNP grows by 9.3%

SOUTH KOREA'S gross national product grew provisionally 9.3 per cent at an annual rate in the first three months of this year compared with a 5.4 per cent rise in the same 1982 period and a 0.6 per cent rise in the same 1981 period, the Bank of Korea said. Reuters reports from Seoul.

The central bank forecast that the 7.5 per cent target for the whole of this year will be surpassed.

The growth was led by a 12.9 per cent gain in expenditure on public works and a 10.3 per cent gain in mining and manufacturing activity, compared with 7.2 per cent and 3.7 per cent respectively in the first three months of 1982.

Sri Lankan ruling party wins most by-election seats

By Mervyn de Silva in Colombo

SRI LANKA's ruling United National Party has won a landslide victory in parliamentary by-elections and local elections. Successes for the UNP included the recapture of many of the southern constituencies which had been lost to the opposition last December. The party's term by six years.

The UNP took 14 of the 18 parliamentary seats contested. The Freedom Party (SLFP) led by Mrs Sirimavo Bandaranaike won three and the Marxist People's United Front (MEP) one seat.

President J. R. Jayawardene deliberately engineered the by-elections because there were pockets of strong opposition to the extension of parliament's term.

The elections were marred, however, by at least one death,

Harare seeks land powers

TWO land reform bills that would give the Zimbabwe government new powers to take over abandoned and underused land are to be brought before parliament in the new session starting next month, Tony Hawkins reports from Harare.

Mr Mark Dube, deputy minister of land, said a new law would be introduced to include clauses banning foreign investment in land and "further concentration of land ownership." Companies which were at least 25 per cent owned abroad would be prohibited from investing in land, he said, while existing owners with at least 500 acres of land would not be permitted to purchase more.

Yet more of the same for war-weary occupied Lebanon

AN AIR of uncertainty and fear hangs over the streets of Beirut. Few people have more than a fragile hope that the Israelis and the Syrians will withdraw from the two-thirds of Lebanon they occupy. But there seems little doubt that most Lebanese want both the Israelis and Syrians to go home.

In public the Beirut government headed by President Amin Gemayel is optimistic, and has formed a negotiating team to talk to the Syrians. But Damascus opposes the troop withdrawal agreement signed this week between Israel and Lebanon, and remains adamant it will not withdraw its own troops unless Israel pulls out unconditionally.

Claims by Washington and Jerusalem that Syrian intervention is a bargaining position are being discounted.

Suggestions by Syrian officials yesterday that the door to negotiations might not be entirely closed are seen in Beirut as a public relations effort to put the ball back in the U.S. court.

"The Syrians mean everything they say about not pulling out," says a diplomat. "Nobody

is offering them enough to get them to negotiate seriously. The only way they will leave Lebanon is through another war."

At the moment Lebanon is a patchwork of armies and militias. The south is held by Israel, up to a line stretching half-way around Beirut and cutting the crucial highway linking the Lebanese capital to Damascus. The Syrians have 35,000 men in the Bekaa Valley to the east of the country, in the north around Tripoli and in a salient jutting towards Beirut.

This leaves the government with control of Beirut, where it is assisted by the multi-national force, and of the Christian enclave which had semi-autonomous status after the 1975-76 Karouni-Bandarbanaike war. Even within the area of Lebanon nominally controlled by the government, its authority is contested by a multitude of sects — the Druze in the mountains to the south-east, the Greek orthodox militia and partisans of former President Suleiman Frangieh.

The Syrians have said they will do everything they can to weaken President Gemayel's

government. The Press in Damascus speaks openly of the civil war restarting, and military supplies will probably increase to the government's opponents.

But the Syrians may not find it quite as easy to gain allies as appears at first sight. There is a deep war weariness in Lebanon after years of savage fighting culminating in the trauma of last year's war. The Syrians were extremely unpopular among almost all factions when they were in Beirut. In Tripoli Lebanon's second largest city and a Muslim stronghold — there is strong local antipathy towards the continuing Syrian presence.

Against this, the Syrians have 35,000 men in Lebanon and control the 12,000 Palestine Liberation Organisation fighters. Their soldiers man check points in the mountains a few miles outside Beirut. They also control roads out of Lebanon to the Arab world, down which almost all the country's exports now pass.

There is a multiplicity of pressures which the Syrians can and probably will apply to destabilise President Gemayel's

regime, but it is doubtful they have the strength to overthrow him.

For their part, the Israelis undoubtedly want to withdraw from Lebanon, for the cost of occupation has been high. But they do not want to pull out at any price.

They hope Syria will eventually withdraw, but equally see little reason why President Hafez Assad should want to suffer humiliation of doing so without material gains.

In pinning their present hopes on diplomacy, the Israelis feel the Lebanese might be able to achieve something through negotiations. President Gemayel's diplomatic effort has won support from Egypt, Algeria, Kuwait and Bahrain, and he insists President Assad has told various people on more than one occasion that Syria would withdraw from Lebanon once the Israelis go.

The Israelis acknowledge that Lebanese pressure alone will not sway the Syrians, believe the U.S. will have to enter the bargaining round.

The Lebanese likewise hope the U.S. can persuade the Syrians to negotiate a with-

drawal. They argue that Mr George Shultz, the U.S. Secretary of State, helped arrange the agreement with the Israelis and to retain U.S. credibility he must now get the Syrians to talk.

This may well prove a miscalculation, inasmuch as there is little the U.S. can offer the Syrians to make them pull out.

Lebanon. The Israeli government denounced the move as an "unprecedented" U.S. refusal to honour its commitments.

Two developments have now cleared the way for release of the aircraft, the second batch of 150 F-15's ordered by Israel — the signature of the Lebanese-Israeli truce withdrawal agreement, signifying Israeli willingness to pull back its forces if Syria and the PLO do so, and the Soviet-supplied build-up of the Syrian armed forces, including deployment of new Soviet-made Sam-5 anti-aircraft missiles.

Damascus could only be expected to negotiate if the U.S. could offer the Golan, captured by Israel in 1967 and annexed in 1981 — which seems doubtful.

The most likely outcome of the Israeli-Lebanese agreement thus appears to be a freezing of the present situation.

The Israelis have meanwhile gained most of what they

wanted. They have put the onus on Syria to withdraw and have effectively paralysed the Reagan plan for the autonomy of the West Bank in association with Jordan by delaying the negotiations on Lebanon. They may now pull out of the Chouf mountains to a more defensible line on the Aull river just north of Sidon, and probably increase the strength of Major Tawfik Haddad's militia forces, which they have long sustained.

A crucial question is how the Israelis react to casualties from continuing Palestinian and leftist guerrilla attacks. If the Israelis feel their position in south Lebanon is under threat from Palestinians and others, the temptation may grow for Jerusalem to play its trump card — its military superiority over the increased Soviet supplies to Damascus.

Israel traditionally abhors any limited war of attrition. It is more likely that if war came over the next two or three years, the Israelis would opt for an all-out attack and sweep the Syrians out of Lebanon.

UK NEWS

Foot condemns Tory 'criminal complacency'

BY IVOR OWEN

MR MICHAEL FOOT, the Labour Party leader, said yesterday that lifting the curse of mass unemployment from Britain was "incomparably the greatest domestic issue."

He condemned the Conservative Party's election programme for failing to include any positive proposals to tackle the worst level of unemployment ever known in Britain.

Mr Foot said it was "criminal complacency" for a great political party to have produced such a document at such a time.

"It offers no hope to the unemployed, no hope for the long-term unemployed still in the dole (unemployment pay) queue, and no hope for the people of Britain that the curse of unemployment is going to be lifted off their backs."

Mr Foot accused the Government of trying to suppress a report by the Manpower Services Commission indicating that the number of long-term unemployed - those claiming benefit continuously for 12 months or more - is likely to rise from the present level of 1m to 1.25m.

A government which had been responsible for the loss of 2m jobs and created a situation where 7m people were dependent on means-tested benefits, he said, had not produced any proposals to mitigate the damage it had caused.

Mr Peter Shore, Labour's Shadow Chancellor of the Exchequer, confirmed that an incoming Labour government would reimpose exchange controls "at once." He insisted



Mr Michael Foot

that the new restrictions on the export of capital from Britain would not have any major effect on the foreign holidays marketed by package tour operators.

The controls, "would simply make sure that people going abroad cannot use holidays as a cover and an excuse for taking out of the country vast sums of money to evade the foreign exchange controls."

Mr Foot brushed aside a suggestion by Mr Sam McCuskie, Labour Party chairman, that any new curbs imposed on trade unions by a Conservative government could lead to a general strike. Mr Foot said he interpreted Mr McCuskie's remarks to mean that the unions, if attacked, would defend themselves.

Tebbit singles out Healey for attack

BY MARGARET VAN HATTEM

MR DENIS HEALEY, the Labour Party deputy leader, emerged yesterday as the prime target of Conservative and Social Democrat/Liberal Alliance attacks.

Mr Norman Tebbit, the Employment Secretary, said Mr Healey was becoming "more hysterical day by day." Mr Roy Jenkins, the SDP leader, hit out at "older Labour MPs... fearful of Labour's position on defence."

Senior Tories see Mr Healey as a much more dangerous opponent than Mr Michael Foot, the Labour leader, and were yesterday drawing attention to Mr Tebbit's no-holds-barred attack.

Mr Tebbit was replying to Mr Healey's claims, based on a magazine report, that a leaked Cabinet report proved the Government to have been lying in 1981 when ministers claimed the end of the recession was in sight.

Mr Tebbit was anxious to refute five specific claims by Mr Healey: that the report warned that unem-

ployment might reach 3m; that unemployment was a factor in the breakdown of law and order; that the youth training scheme was a device to reduce unemployment figures; that the scheme would put people out of work; and that the Government would strike at union power.

All this was untrue, Mr Tebbit insisted in a press statement. "Talk of lies is particularly rich from Mr Healey," said Mr Tebbit, pointing to Mr Healey's 1974 predictions of 8.4 per cent inflation, "when we know he had in his hands Treasury forecasts pointing to the near 30 per cent inflation which followed within months."

Mr Jenkins left little doubt who he had in mind in speaking of senior Labour MPs who knew that, if Labour defence policy were implemented, "its foolish contradictions would expose the British Government not only to ridicule, but to the charge that it was deliberately weakening this country's defences."

Scottish nationalists press for devolution

BY MARK MEREDITH

"CHOOSE SCOTLAND," the Scottish National Party urged voters yesterday, although for the first time in a decade it is arguable whether Scotland will surface as a burning campaign issue.

The nationalist election programme, published yesterday, said that never had, the need been greater for an independent Scottish parliament and a Scottish government.

Yet, in the opening days of the campaign, the Conservatives have ignored the subject of devolution. Scottish assemblies feature in the programmes issued by the Labour Party and the Social Democrat/Liberal Alliance, but leaders from these parties see economic issues commanding their attention in the weeks up to June 9.

However, Mr Gordon Wilson, SNP leader, claimed yesterday that support for Scottish independence was even higher now than during the 1970s. The SNP called for independence within the Commonwealth with the Queen remaining head of state.

Mr Wilson said that his party would be ready to consider support for devolutionary proposals by the major parties in Parliament if they failed in their objectives for outright independence.

Labour hold 42 of the 71 Scottish seats, the Conservatives control 21, the Alliance six, and the SNP two. Following boundary changes, there will be 72 Scottish seats in the new Parliament.

Labour narrows poll gap

By Kevin Brown

LABOUR's election campaign was boosted last night by an opinion poll which showed the Conservatives' lead cut to 10 percentage points.

The poll, by Harris Research Centre for Thames Television, gave the Conservatives 45 per cent, Labour 35 per cent and the Social Democrat/Liberal Alliance 17 per cent. The total was calculated after excluding 14 per cent "don't knows."

The Conservatives were 18 points ahead in a NOP poll published in the Daily Mail yesterday, and 13 points ahead in a Daily Telegraph Gallup poll.

The Harris poll showed that 53 per cent of voters say they do not understand Alliance policies. Yet on nuclear disarmament, the economy, the EEC, and law and order the Alliance received a higher vote of confidence than either of the two major parties.

The poll put Mr David Steel, the Liberal leader, second behind Mrs Margaret Thatcher, the Prime Minister, in the list of most preferred prime ministers.

Ian Hargreaves explains why the Ecology Party in Britain lacks political weight Greens fight 100 seats - with no hope of winning one

MRS MARGARET THATCHER, the Prime Minister, is unlikely to lose much sleep over it, but she will not be the only politically strong-willed woman on the ballot paper in the general election on June 9.

One of her opponents will be Mrs Simone Wilkinson, who earlier this year spent a few days in jail after demonstrations at the Greenham Common air force base, where cruise missiles are due to be sited. Mrs Wilkinson, a 37-year-old mother of two children, is standing on behalf of Women for Life on Earth and the Ecology Party.

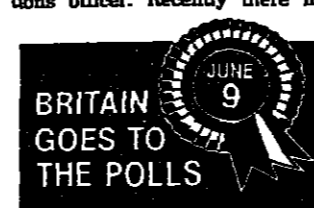
As such, she will be part of the green movement's biggest push so far to establish itself upon the inhospitable stage of the British political system.

The Ecology Party, founded in 1973 and much inspired in the last two years by the progress of the West German greens, will have more than 100 candidates for the 650 parliamentary seats being contested.

In 1979, the ecologists won 1.6 per cent of the vote in the seats they contested, but hope to improve on that this time. "It would be superb if we could reach our target of 5 per cent of the vote in the seats contested, to match the German greens," says Mr Tony Jones, an Ecology

Party organiser. But, as he knows only too well, with a first-past-the-post voting system, 5 per cent wins nothing.

In fact, it is worse than that, since candidates who attract less than 12.5 per cent of the votes lose the £150 deposit lodged with the elections officer. Recently there has



been talk of raising the deposit to £1,000, in an effort to deter what the big parties call "fringe candidates".

The ecologists, however, do not see themselves as fringe candidates. They believe that, in common with the green movements on the European mainland, they are articulating the issues and anxieties which matter most.

For Mrs Wilkinson, one of four Greenham Common peace camp women to be standing under the joint Women for Life on Earth-Ecology banner, nuclear disarmament is "quite simply the number one issue. I understand when people say they are concerned about the Rus-

sian threat, but we have got to find other ways of dealing with that threat because nuclear war is no answer. If we don't, we won't have a world left to bicker over."

Mr Jones says that nuclear weapons and support for British withdrawal from Nato will be one of three issues the party will highlight in the campaign.

The second is its ideas for more labour-intensive work programmes - like loft insulation, alternative energy, agriculture and repairs - as part of its campaign to create what it calls "good work" for the unemployed.

The third issue is that with which the party began 10 years ago - protection for an environment they argue to be under threat from industrialisation and neglect.

"At the moment it is only the Ecology Party which is putting all these issues on the table. We would be delighted if a broader basis for a green party emerged in Britain in the future, but at the moment, it's not happening," he says.

There has, in fact, been much talk of a more general green revival in Britain in recent months, partly because of the success of one of the movement's pressure groups, the Campaign for Lead, Free Air (Clear), in persuading the Govern-

ment that lead should be banned from petrol.

The man who led that campaign, Mr Des Wilson, a former housing campaigner, has since gone on to become chairman of one of the best known environmental groups, Friends of the Earth. Mr Wilson has called upon the greens to unite around a demand for proportional representation for parliamentary elections, something which would offer small parties the chance of winning seats in the House.

Under present conditions, however, there are all kinds of other reasons why the greens will not be a major force in the June 9 election - or probably for many elections to come.

For one thing, environmentalism and concern for the countryside is deep-rooted in Britain and spans all social classes and political parties. At the last count, there were an estimated 3m Britons in membership of one or other of the dozens of environmental protection groups which exist.

The biggest, the National Trust, with 1.1m members, owns and works to preserve large stretches of some of Britain's most beautiful countryside. But with a board comprised of establishment figures, it is hardly a likely ally for a radical green movement.

Even a specialist body like the Royal Society for the Protection of Birds has 380,000 members and has enjoyed rapid growth in recent years.

Another problem for the political greens is the relative absence, by continental European standards, of a tradition of direct action against changes deemed harmful to the environment. There is also a political landscape which, within the broad spread of the two main parties, not to mention the newly-born Social Democratic Party, provides a home for all shades of opinion.

At the same time, the greens face the difficulty that because environmentalism is so widespread in Britain, the Government and the main parties are alive to the need to make concessions, thus defusing what might otherwise become bitter confrontations in which an ecology party might extend its influence.

The current cause célèbre of British environmentalism - the plan to build a pressurised water reactor at Sizewell in Suffolk - is a case in point. Although there is not much doubt that a future Conservative Government would go ahead with this plan, both the other electoral groupings, Labour and the Social Democrat/Liberal Alliance, are against it.

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COMMUNICATIONS IN BUSINESS AND SOCIETY

CASIO: Creativity getting wider and wider

By Geoffrey Murray

On the table before Mr. Kazuo Kashio is an array of Casio's latest products to distract any interviewer asking his questions. There is a combination watch and calculator; a walking dictionary watch with a memory for 4,000 English and Japanese words; tiny wallet calculators powered by solar cells and able to operate almost in the dark; hand-held personal computers for data processing on the run; electronic musical instruments that bring an entire orchestra into the living room at the touch of a few buttons; and pocket television sets not much bigger than a wallet, opening up a whole new dimension in entertainment and information dissemination. The business philosophy behind all these products is summed up by two favourite Casio slogans: "creativity getting wider and wider" and "development immediately related to management."

Murray: Despite the fact that the Japanese and world economy is in a slump, you have managed to increase your sales impressively. What is the secret?

Selecting products well

Kashio: I think we have selected our products well. We began making calculators and then moved into watches. Now we have added musical instruments, electronic cash registers, office and personal computers. All our areas of business are still growing. The three consumer products - calculators, watches and musical instruments - all have features which are acceptable throughout the world. We all need to calculate, for example. We want to tell the time. And an enjoyment of music is common to all countries, so the market is very large. There are very few manufacturers which have all these three products, so we are in a strong position. Office automation will develop more creating a need for personal computers and word processors. But because they are concerned with systems, I don't think they can be developed indiscriminately for the whole world. It is necessary to formulate different strategies for individual countries. So, I think our company's most promising lines remain the consumer items.

Murray: Have we reached the end of the line as far as major improvements in calculators and watches are concerned?

Kashio: As you can see from our product range, there has been a process of constant change. There have been changes in our products every year, so there is the possibility of major changes in the future. We would not like to change so much if we had a monopoly and no competitors to consider. We have 40 per cent of the world market in calculators and are number one in digital watches. But there is room for advance in other areas and we have developed our business by creating new technologies.

Filming the circuit board

Murray: Specifically, what improvements can we expect in the basic pocket calculator?

Kashio: There is a new note-pad type we have developed, which relies on solar cells for its power. Other calculators of this type need light of at least 100 to 150 Lux to be able to operate. But this one operates at only 50 Lux, which means you can use it even in a dimly lit restaurant. But look inside these calculators. The normal circuit board has been replaced by a film which we developed, which enables us to mass-produce this type of product much more easily. We use normal photographic techniques. We take a picture, develop the film and that is basically what goes into the calculator. You should see it being handled on the assembly line... it's

like a roll of toilet paper. I think all calculators in the future are going to become like that.

Murray: What is the next new product?

Kashio: This June we will be launching the world's smallest black and white television in Japan, which is only about half the size of our nearest competitor. It has been the dream of many manufacturers for a long time to create a pocket television. But before you can do that you have to replace the conventional and bulky Braun tube. This has been done with a liquid crystal (LC) display. But LC does have drawbacks. You want to be able to watch your television in both dark and light places. We overcame the problems with this by installing a "back light" system behind the screen. You might ask why it was Casio and not one of the traditional television makers who came up with this product. The answer is that we have a lot of LSI (large scale integration) and LC technology, which enabled us to create another world first. The ability to develop new technology was one reason why we were to move from the calculator to watch market with such success. Another area now is musical instruments. Conventional instruments can create only one kind of sound, but using our electronic technology we were able to develop a product capable of producing 49 different sounds. So, when we decided to join the television market we knew that it was rather saturated and we would not be able to compete with a conventional set... but had to develop the new technology for a pocket TV.

Murray: You now appear to be locked into a microcomputer war with other makers. What is your strategy?

Kashio: There are three separate categories of personal computers... the hand-held type, ones slightly larger for general use and those for business purposes. The pocket computer is now very popular. In Japan, as to our sales strategy, the most important factor is that the majority of our products can be sold through the mass market. There are no special calculator shops, for example. They are sold through many different outlets, like department stores, electrical goods and camera shops and discount houses. Watches traditionally were sold through jewellers, but digital watches today are sold through many different channels. The same applies to our mini-keyboard musical instruments which no longer have to be sold through specialized musical instrument dealers. So, we have been able to expand our distribution network quite considerably. Of course, we are also making products which will be sold through specialized shops.

Murray: What is the main selling point of these personal computers?

Kazuo Kashio
Executive Managing Director

Kashio: Well, suppose a salesman visits a customer and makes a sale. Conventionally, he would write out a sales slip. But now he simply makes an entry on his hand-held personal computer. When he returns to his company that information can be entered into his business computer, finally forming a stream of data into the company's main system. It saves a lot of energy and effort.

(Profile) Casio is world's top electronic calculator and digital watches maker, which is expanding into general electronics. Its unique products include electronic musical instruments, electronic cash registers, personal computers, office computers and LC pocket TV sets lately developed by Casio's advanced technology. Casio's history is one of originality. What has made it so successful is its unique ability to develop original products, using the most advanced technology. It is currently pushing ahead with its research and development efforts through its two main pillars, the Development Centre and the Technology Department. Casio's uniqueness also shows in several other ways. In its production, Casio is employing its own new automated manufacturing methods. And in its business operation, too, Casio is constantly seeking new strategies. Casio exports to more than 140 countries all over the world, with bases in the U.S., West Germany and England.

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(In thousands of Francs)

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Turnover France	196.4	180.6	+ 8.7
Turnover Exports	335.8	329.2	+ 2.0
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Consolidated turnover	628.1	604.7	+ 3.9

It should be remembered that activities during the first quarter of 1982 had been particularly strong. For a period of twelve months closed on 31 March 1983, consolidated percentages of turnover are 13.3% and 12.8%.

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UK NEWS

GOVERNMENT REVISES FINANCIAL ESTIMATES

More funds for steel

BY PETER BRUCE

THE GOVERNMENT has been forced to abandon its optimistic estimates of the financial support British Steel Corporation (BSC) will need for 1983-84. The Department of Industry said yesterday that BSC would be offered £325m for the financial year, two thirds more than the £195m officially proposed in February this year.

Mention of the £325m was contained in the Government's official response to BSC's long-awaited corporate plan, which gives an operating strategy for steel between now and 1988.

A letter from Mr Patrick Jenkin, Secretary of State for Industry, to Mr Ian MacGregor, BSC chairman, approving the plan, envisages capital investment of £865m over the

next three years, of which £250m is due to begin this year.

Immediate investment includes modernisation of the hot strip mill at the integrated Port Talbot works in South Wales at a cost of £171m. A new plant worth £30m is to be installed at the Clydesdale tube mill; £13m is to be spent on modernising the seamless tube plant near Birmingham, and a further £13m will be invested in a new slab reheat furnace at the Lackenby beam mill on Teeside.

While the two-page letter avoids mention of the less palatable aspects of BSC strategy thought to be contained in the Plan, including estimated cuts in capacity, the £325m external financing limit reinforces the view that the Govern-

ment is finding it very difficult to scale down subsidies.

Like all other EEC steel producers Britain is committed to phasing out subsidies by the end of 1985. The new external financing limit of £325m is, however, only marginally down on the £385m originally agreed for 1982-83. That target proved impossible to meet after a slump in demand last summer, and BSC was given an extra £245m in February to staunch its losses.

The European Commission is studying proposals from member governments on the phasing out of state aids and is due to rule by July on whether or not individual schemes will be allowed to go ahead.

Private lending up £210m in April

BY JEREMY STONE

BANK LENDING to the private sector rose by only £210m in the April banking month. At the same time, Government spending gave a sharply expansionary lift to the money supply, contributing some £1.3bn to the rise in sterling M3, the broad measure of money supply which grew by £1.8bn - an annualised rate of more than 20 per cent.

A Central Government Borrowing Requirement (CGBR) of £1.9bn, more than half accounted for by lending to local councils and public sector enterprises, partly represents the last-minute surge in public spending at the end of the last financial year.

It is thought that this spending will probably sink back gradually to

target levels, allowing the rate of monetary growth to come back within reach of the 7 to 11 per cent target range.

Public sector overspending is the main influence behind the low level of bank lending.

A drastic reduction in bank lending on the mortgage market will also have depressed the private sector lending total.

The enormous rise in the CGBR is generally held to have been such an overwhelming influence on bank lending in April, that analysts are reluctant to read into the figures any signal that the economy may now be growing more slowly than expected.

Lex, Page 20

Barclays raises its Saturday bank fees

BARCLAYS BANK, which last September started opening 430 of its branches on Saturday mornings, is to increase the charge for cashing other banks' cheques on Saturdays from 50p to £1 from July 2.

Although Barclays has refused to reveal how many new accounts it has attracted through its Saturday openings, it did say yesterday that this year it had cashed more than 100,000 non-Barclays cheques at its Saturday branches.

Barclays, which was the first bank in Britain to impose the 50p cheque charge in 1981, said last night that customers of other banks were making use of its Saturday counters and this necessitated the £1 charge.

"We don't expect the competition to love us when 100,000 of their customers will be asking them to open on Saturdays," a spokesman said. Other banks reacted swiftly last night by saying they were not perturbed by the Barclays move and even believed it would prove beneficial.

National Westminster Bank and Midland Bank both described the £1 charge as Barclays' way of recouping the cost of Saturday opening. This, according to Barclays, has been running at about £4.5m a year.

Dollar dispute

MIDLAND BANK'S two Lloyd's insurance brokers subsidiaries are to be wound up following a dispute with Lloyd's over the transaction of dollar-denominated business. Midland Bank Insurance Brokers and Midland Group Insurance Brokers will stop taking on new business from August 1.

The bank is refusing to comply with a request from Lloyd's that insurance premiums paid in dollars be held in a separate account in the U.S. to protect American policyholders. Midland said it was not prepared to alter its trust deeds to permit this as this would give Lloyd's a charge against the bank's assets.

Cigarette 'losses'

SOME cigarette brands are being sold at a loss amid signs of a renewal of a price war and a continuing decline in the overall size of the market, according to a report from stockbrokers Buckmaster and Moore.

The report estimates that brands selling at 90p but with a recommended selling price of 107p could involve the producer in a loss of 2.5p a packet. For a brand selling at 90p the loss could be as much as 5p a packet.

Cheaper to Brazil

BRITISH CALEDONIAN Airways is cutting round-trip excursion fares between London Gatwick and Brazil this summer by up to £77. From June 1 the public excursion (Pax) return fare to Recife will be cut from £673 to £597, to Rio de Janeiro from £726 to £651 and to Sao Paulo from £742 to £665.

Jobs warning

More than 200 tube workers at the British Steel Corporation plant in Corby, Northamptonshire, who are refusing to accept short-time working, have been warned that they might be made redundant instead. The short-time has been caused by a slump in orders.

Cadbury steps up

MR DOMINIC CADBURY has been appointed chief executive of Cadbury Schweppes. He succeeds Mr Basil Collins who is retiring at the end of this year. Mr Cadbury, 43, is at present managing director of the group's confectionary division.

Perkins signs diesel pact with BL, but Chrysler deal is off

BY JOHN GRIFFITHS

PERKINS, the Peterborough-based diesel engine manufacturer, has shelved indefinitely its £131m venture with Chrysler to build car diesels in Canada. The project has been deferred at Chrysler's request. However, Perkins said yesterday that it had signed a supply contract with Austin Rover, BL's volume car maker, for the production of a light car diesel engine to be launched in 1985.

The Chrysler venture, which also involved the Canadian government as a partner, was announced only last August. Under it, Perkins, which is owned by Massey Ferguson of Canada, would have been involved in the conversion of Chrysler's Windsor, Ontario, petrol engine plant and the production of 22 litre diesel engines for Chrysler's North American cars and light trucks.

Although Perkins' stake in the venture was only 3 per cent, it would have had world marketing rights for the engines.

Mr John Towers, Perkins' director of production, said that although Chrysler, "for its own reasons," had deferred the project, the North

American diesel market was still there and they were still looking at ways of moving the project forward.

Chrysler first expressed reservations about the project in December, against the background of a steep decline in the U.S. diesel car market as a result of weakening petrol prices.

The £22m supply agreement with Austin Rover will lead to the manufacture of the first car diesel using direct fuel injection, rather than a conventional indirect system. Advantages of direct injection are higher performance and improved fuel consumption.

The new engines will use some components made at BL's plant at Longbridge, near Birmingham, but Perkins will supply the diesel components and assemble the engines at Peterborough.

They will appear in some Austin Rover models in 1985, with Perkins holding world marketing rights to "outside" customers. Perkins said yesterday it was already discussing the engine with several vehicle, marine and agricultural equipment makers.

Hopes rise for end to strike at BL plant

BY DAVID GOODHART, LABOUR STAFF

HOPES OF an end to a 10-day-old strike at the Leyland Vehicles Allison plant in Glasgow were raised yesterday when shop stewards agreed to put a new peace formula to a meeting of the 1,500 strikers on Monday.

The formula, details of which were not disclosed, was agreed at a three-hour meeting in Preton between Mr Ian Purvis, employee relations director of Leyland Vehicles, and Mr Gerry Russell, executive member of the Amalgamated Union of Engineering Workers.

The 3,000 lay-offs due take effect from today at the Bathgate plant in West Lothian and at Leyland in Lancashire - because of lack of axles from Allison - will be suspended pending the outcome of Monday's mass meeting.

The shop stewards say more than 1,000 jobs have gone at Allison in the past three years.

Court rules on assets of Rumasa subsidiary

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A DUTCH company said to be a "hidden subsidiary" of Rumasa, the Spanish conglomerate expropriated by the Spanish Government two months ago, was threatening to remove its assets from the UK, the High Court in London was told yesterday.

Those assets were about 11m litres of sherry, valued at about £5m, being held in a bonded warehouse in Shoreham, West Sussex. Mr Colin Brodie QC, for Rumasa, told Mr Justice Harman.

Rumasa could prove that the Dutch company, Sherry Shippers, had been set up with Rumasa money. If it was allowed to remove the sherry there was a real risk that its assets would be dissipated or taken out of England, Mr Brodie said. He added that about 5m litres of the sherry had been sold.

On the basis that Rumasa and one of its banks, Banco de Jerez, were about to petition for the compulsory winding-up of Sherry Shippers, of which they claim to be creditors, the judge appointed the Official Receiver as provisional liquidator of Sherry Shippers, giving him control over the sherry in bond.

The judge said that the Official Receiver could allow the sale of the 5m litres to go ahead, if he was satisfied that the sale price was a proper one, and could take charge of the sale proceeds.

Mr Brodie said the proposed purchaser was Corra Financera, of Andorra. "The existence of the sherry, and the fact that part had been sold and the rest about to be removed from the Shoreham warehouse - possibly to be taken out of England - had been discovered as a result of an earlier court order."

Mr Ian Bond, of Deloitte, the court-appointed receiver of Multinvest (UK), a London-based holding company, alleged by Rumasa to be another of its undisclosed subsidiaries, was given the power to supervise the trading activities of the Sherry House group of companies, which are subsidiaries of Multinvest (UK), one of which owns the Shoreham warehouse.

Mr Brodie said that Rumasa could prove that there had been fraud in the manipulation of loans from Rumasa. Last year substantial loans had been made through Rumasa's banking arm to "straw" companies set up in Panama and Ecuador simply to seek the loans. Those companies never received the money, which went to Nord Finanz-Bank of Zurich.

From there it was channelled to Multinvest NV, the Dutch Antilles-based parent of Multinvest (UK). It then went to finance Multinvest (UK), which acquired certain English subsidiaries of Rumasa.

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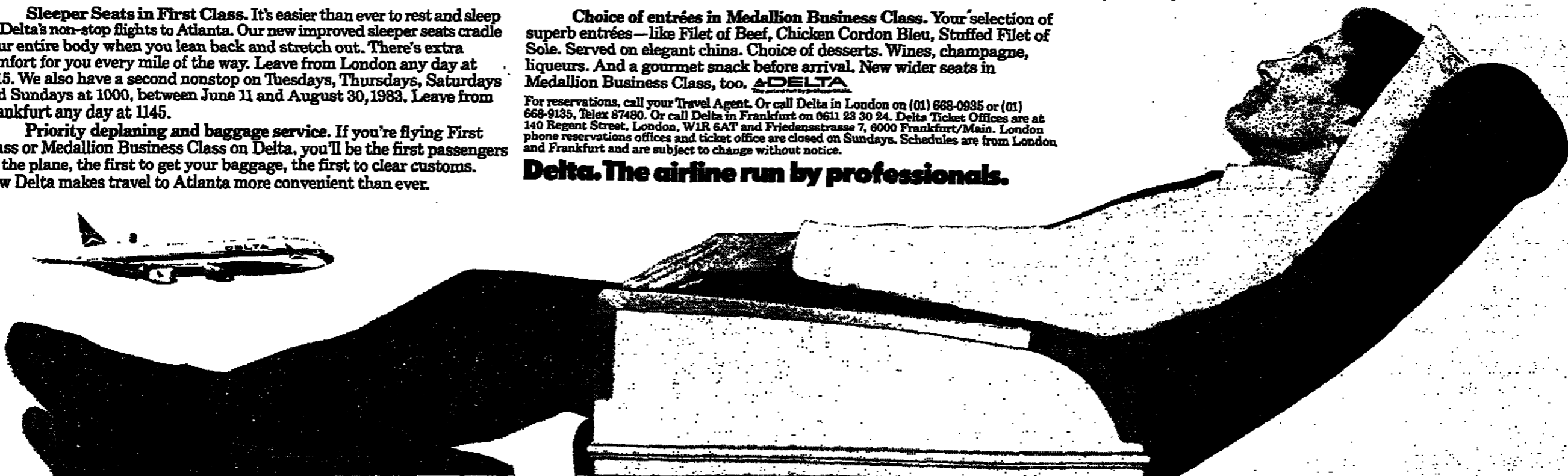
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APPOINTMENTS

Management restructuring at Mercantile Credit

Four executive directors of MERCANTILE CREDIT, finance house subsidiary of Barclays Bank, take on new responsibilities next month in a restructuring of the senior management team. Mr Brian Morris becomes executive director, automotive engineering division; Mr Guy Jenkins becomes finance director and executive director (accounts division); Mr Graham Truswell assumes responsibility for projects and new business services divisions; and Mr Stanley Guadagnoli takes charge of marketing division. The changes follow the retirement of Mr F. Rodney Peckard, executive director, treasury and automotive and engineering divisions.

Mr W. Jeffrey Benson, deputy chairman of the National Westminster Bank, is the new president of the INSTITUTE OF BANKERS and chairman of its governing council. He has been a member of the Institute's council since 1976, and its deputy chairman since October 1982. He is also chairman of the Export Guarantees Advisory Council. He has been deputy chairman of NatWest since January this year,

having retired as group chief executive at the end of 1982. He is also a member of the board of the National Bank of North America. Mr W. A. Black, a managing director of Baring Brothers & Co., has been elected by the Council as deputy chairman in succession to Mr Benson.

Mr D. A. Orchard has been appointed sales director of STAG PLASTICS and Mr D. J. Toomey becomes production director.

Mr Michael Hollands has been elected chairman of the Birmingham STOCK EXCHANGE. He has been deputy chairman for the past two years, and is a partner in the stockbroking firm of Murray & Co. Mr Hollands succeeds Mr D. C. Waddell. Mr Terry Brewster has been elected chairman of the Midlands & Western area of the Stock Exchange. He has previously served as deputy chairman of succeeds Mr C. V. Dobb. Mr Brewster is a partner with Roy James & Co.

Leisure Activities Group, IFC Magazine, has appointed Frank Farmer as assistant

managing director. He is publishing director of the Women's Magazines Group.

Arising from the relationship built up between Mitsubishi Electric and Thorn EMI Ferguson as a consequence of a non-disclosure agreement on technical matters, the technical director of Thorn EMI Ferguson, Mr E. V. Arnaboldi, will be joining MITSUBISHI ELECTRIC (UK) as a non-executive director after his retirement from Thorn EMI Ferguson at the end of May.

Mr Alfred J. Dale has retired as chairman and chief executive but remains an executive director of LONGTON INDUSTRIAL HOLDINGS. Mr Eric J. Sherratt also retires as finance director but remains a non-executive director. Mr Alan S. Fox, deputy chairman, has been appointed non-executive chairman. Mr Donald A. Fisher appointed chief executive and Mr Harry Smith continues as deputy chief executive. Mr Graham Casselgale has been appointed finance director.

Mr Dudley William Taylor and Mr John Stephen Martin Rowe have joined the partnership of CHARLES TAYLOR & CO, shipping insurance managers.

BSG INTERNATIONAL has appointed Mr Norris Lawley divisional managing director with responsibility for all the Ford dealerships and Mr John Tustain the divisional managing director responsible for General Motors and Talbot products as well as the franchisees for

imported vehicles—at the same time he will retain control of Autolase, the BSG International subsidiary handling the group's national contract hire and leasing activities. Mr Lawley will retain his role as managing director of BSG International's largest Ford dealership complex in Birmingham and Solihull. He will also be responsible for Welford Truck Bodies, the group's wholly-owned subsidiary at Oldbury in the West Midlands.

Mr John C. Broome and Mr Peter J. Seaman have been appointed to the board of BSR (UK). Mr Broome's appointment is non-executive. He is also non-executive chairman of Black and Decker in the UK. Mr Seaman has full executive responsibility for Astec Europa, a BSR subsidiary with headquarters in Reading and branch offices in France, Germany and Italy.

Following formation of RADIALAX, St. Albans, Mr Steve Batchelor has been appointed managing director. He was with F. J. Holloway (Sales) where he was a director.

Mr C. R. Howard and Mr J. F. Hawkins have been appointed to the board of GODSELL (L.D.A.).

CWS chief executive Mr Dennis Landon has been re-elected president of the INSTITUTE OF GROCERY DISTRIBUTION. Mr Ken Evans, sales director of Van den Bergh, is the new chairman of the IGD's management committee, replacing Mr Barry

Skinner, chairman of Booker McConnell. Mr Bob Rogerson of Ranks Hovis McDougall was re-elected treasurer.

Executive directors of LANDER INVESTMENTS (formed by the recent merger of the Lloyd's brokers Lander Heywood and F. Barkworth & Co., and the general brokers Arnold Richer, Son & Co.) have been appointed. Mr John Plakford becomes deputy chairman, and continues as managing director of Lander Heywood. Mr Robin Callen is finance director. He was formerly finance director of Waverham Whitton (Holdings). Mr Janette de Harven is a director. She continues as managing director of Arnold Richer, Son & Co. Mr John Naylor continues as director and general manager of F. Barkworth & Co. and has been appointed a director of Lander Heywood. Mr John Bolton continues as a director of Lander Heywood. Two new appointments to the board of F. Barkworth & Co. are Mr Roy Elliot and Mr John Beardsworth as marine insurance specialists. Mr Elliot and Mr Beardsworth are also directors of the brokers Frank Power & Co.

Mr Peter Baker has been appointed managing director of WESTON HYDRAULICS, Birmingham, a wholly-owned subsidiary of Buxtonfield-Harvey. Formerly marketing director, Mr Baker succeeds Mr Brian Johnson who has left the company to take an appointment outside the group.

CONTRACTS

British Telecom places £29m order with STC

STANDARD TELEPHONES AND CABLES has received a third order from British Telecom, worth a minimum of £29m for the Chester teleprinter and associated equipment. Orders from BT for the new telex terminal now total more than £59m since the first contract was placed 15 months ago.

DIGITAL MICROSYSTEMS has received an order from British Telecom for 35 BINETM systems worth £1.9m.

NEWMAN ELECTRIC MOTORS, Bristol, has been awarded a contract worth over £5.5m for irrigation pump drives for the Middle East. Nearly 4,000 motors, ranging in size from 18 to 150 kW, are to be supplied during 1983 to an overseas subsidiary of the Slingsby Group, Reading, for distribution by agents to a number of irrigation projects in the Middle East requiring deep-well turbine pumps.

WELDTITE ENGINEERING has won contracts worth £1.97m: a contract worth £800,000 for two 180 ft diameter by 20 ft high storage tanks to be built for the Property Services Agency in East Anglia has been placed by the main contractor, Cementation Construction. Pipework and steelwork for Jervis H. Webb, Luton, on site at Vauxhall Motors, Ellesmere Port worth £270,000. Pipework and steelwork supports for Gelatine Products, Lancashire, worth about £150,000. Three year term contract for the Property Services Agency at Weatherfield air base, about £150,000 per year. Weldtite International, Sharjah, storage tanks and associated pipework for Bova International, South Yemen, worth about £1m.

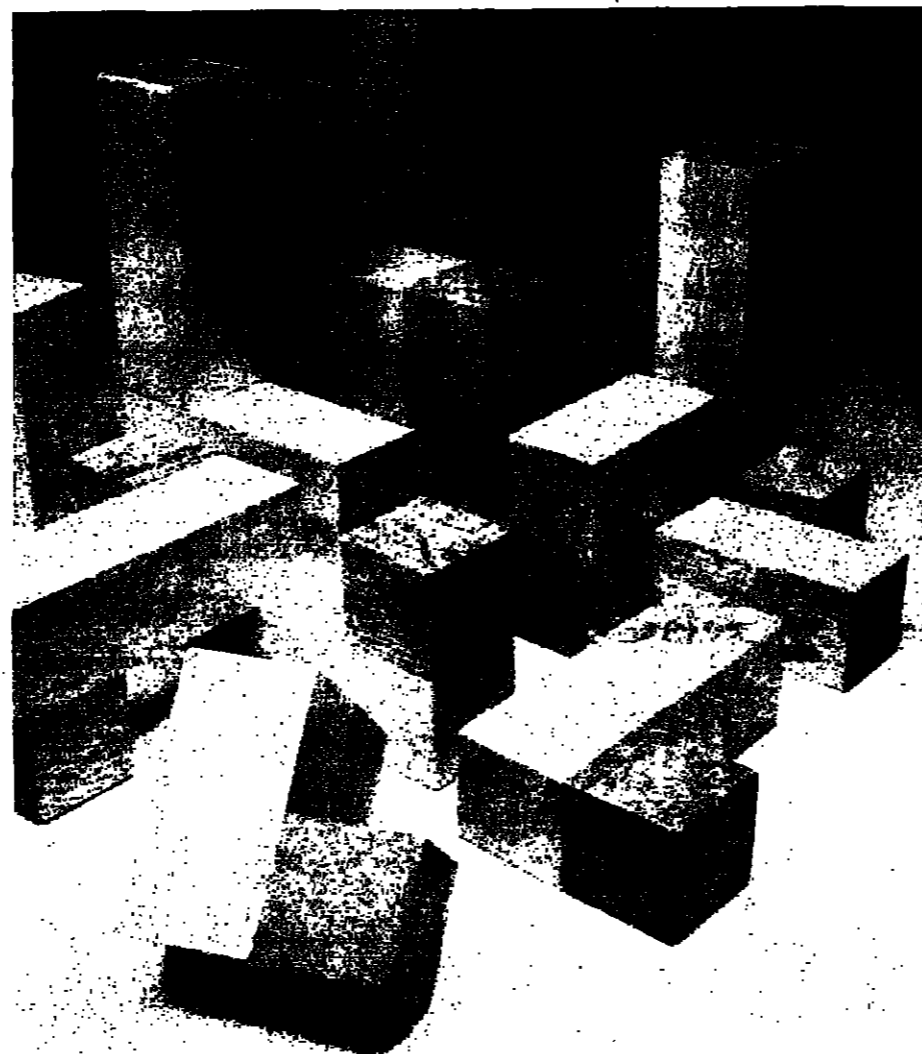
RASHLEIGH PHIPPS ELECTRICAL has won services contracts worth over £2m. At British Telecom headquarters in Reading, the company is refurbishing the electrical installation for Eagle Star Properties. Main contractor is Bernard Sunley & Sons. In Nottingham, electrical services

are being installed in a TV studio for Central Independent Television. Taylor Woodrow Construction is main contractor. Electrical services are being installed in an office block in Bracknell for Builders Amalgamated Co. Installation of electrical services is also being carried out in an office block for Chaylespring, St Thomas Street, SEL.

YOUNG AUSTEN & YOUNG has won three mechanical services contracts worth over £1m: at RAF Cranwell, removal and replacement of the boiler plant; refurbishment in a Boots factory manufacturing medicated confectionery at Beeston, Nottingham; mechanical services for a new Boots branch at Bexleyheath. Young Austen & Young is a Trollope & Collis Holdings Co.

W. E. CHIVERS AND SONS has been awarded two contracts worth over £1.5m. Work has started at Heston, on construction of a residential almshouse complex comprising 33 old people's flats, a women's house and community facilities for the Hunt and Almshouse Charity of the Skimmers Company, contract value £976,000. At Egham, Surrey, an extension to the telephone exchange (compelling an additional floor on the roof of the existing building), with a contract value of £581,000, is being undertaken for the DoE/PSA.

HEAD WRIGHTSON TEESDALE, a Davy Corp. company, has an order worth about £1.25m for the mechanical design, manufacture and delivery of a nitric acid absorption column, from Suamprogetti, Basingstoke, main contractor for a 380,000 tonnes a year nitric acid plant at Billingham for ICI's Agricultural Division. 75 per cent of the cost of the £30m project will be spent in the UK. The column will be delivered from Head Wrightson Teesdale works at Thornaby in March 1984. The new plant is scheduled to be in operation early 1985.



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ENERGY REVIEW

First cracks are beginning to appear in the price structure

The oil industry enters the dog day—and Opec has lost its bite

THE FIRST cracks are beginning to appear in the oil price structure carefully put together by the Organisation of Petroleum-Exporting Countries.

Prices on the free-trading spot market have been slipping. This reflects nervousness among traders.

According to one London oil analyst: "We are at the witching hour—the time when seasonal demand is at its lowest and when oil companies have not yet started to build stocks for the (northern) winter."

So the spot price of North Sea Forties crude dropped to about \$29 (£18.66) a barrel this week, compared with about \$29.70 at the beginning of this month. On this basis, refiners could obtain spot-market cargoes of Forties oil about 75 cents a barrel cheaper than the contract rate specified by British National Oil Corporation (BNOC).

On the International Petroleum Exchange in London, the futures price for June deliveries of gas oil dropped to about \$234

Ray Dafter reports on a slippage in oil prices as the onset of northern summer cuts demand

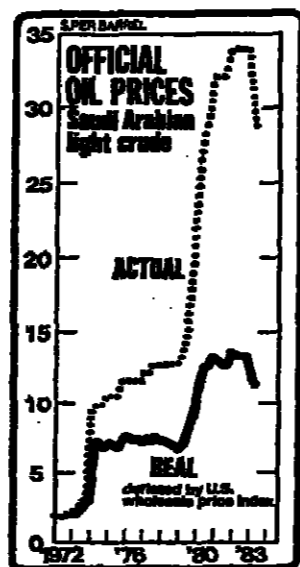
less than the 1979 record. The same sort of picture is emerging in the UK, where even record sales of petrol are insufficient to stem the overall decline in oil demand for products.

Production outside Opec is continuing to rise, with North Sea output promising. Mr Nigel Lawson, the Energy Secretary, has tried to play down the impact of this production by forecasting that UK output this year will be no higher than the 2.1m b/d average of last year. Oil companies and City analysts are puzzled because they expect new fields to add perhaps 200,000 b/d to UK production this year.

Offshore production is also increasing in other northern European countries to the extent that Petroleum Intelligence Weekly estimates that total North Sea production (including that of Norway, Denmark and the Netherlands) could be 3.4m b/d by the end of the year—700,000 b/d more than the 1982 average.

Thus Opec remains trapped between depressed demand and growing competition from other producers. The members of the Organisation of Arab Petroleum-Exporting Countries (Opec) provide a pointer to the problem. That organisation has just reported that its members experienced a \$47.2bn decline in oil revenues last year, compared with 1981. This year, the cut was expected to be even deeper—a further \$23.3bn.

Yet, in spite of all this, Opec seems determined to hang on to its hard-won price structure through the present difficulty. Even Iran, which has been renowned as an Opec team player, seems to have been doing its bit for price stability by vehemently denying rumours propagated in the U.S.—that it has been offering crude to its contract customers at a discount.



According to Mr Richard McNamara, deputy secretary of the U.S. Treasury, Iran is but one of two Opec countries operating outside the organisation's price agreement. Speaking on Tuesday, he would say only, "Look to Rotterdam"—a broad hint that the spot market was being used to circumvent the price accord.

The oil business in general—even Opec—is surprised at the way international prices have held up. When the organisation's ministers met in London in mid-March, there was a strong chance that prices would fall to unknown levels. The unprecedented slump in energy demand had severely weakened Opec's influence to a point where member countries were producing only 14.5m barrels a day, less than half their joint capacity.

In the event, the ministers agreed to cut \$5 from their previous reference price of \$34 a barrel and, perhaps more significantly, to apply strict controls of output within an Opec limit of 17.5m b/d.

While watching spot market movements with a good deal of apprehension, Opec can take heart from the stance on prices by the Soviet Union and Egypt. Both countries, not members of Opec, recently raised contract prices by 50 cents a barrel. This week came news that Egypt was to raise the price of two of its three types of crude by a

further 25 cents a barrel from June 1.

There have been other pointers towards price stability. The Oasis Group (Continental Oil, Marathon and Amerada Hess) has now dropped its opposition to Libya's official price levels and agreed to resume its liftings there. In the same vein, customers of State-owned ENOC have agreed to extend their provisional North Sea price agreement, based on a reference of \$29.75.

So far, Opec has maintained an unexpected degree of self-discipline and, as time goes by, the chances of a unilateral price cut seem to diminish. Towards the end of the year, Opec could extend demand for its oil rising to between 18m and 20m b/d.

The increase would arise partly because of seasonal factors—the onset of autumn in the northern hemisphere traditionally provokes greater oil sales—and partly through a change of stock policy by major

Opec has maintained an unexpected degree of self-discipline

oil corporations. This year, global inventories had been undergoing reduction at a rate of 3m to 4m b/d, but this destocking appears to be ending.

It is likely, though, that this seasonal acceleration of sales would serve merely to underpin Opec's present price structure. Any attempt to raise prices would seem to be futile, given the continuing general depression of the oil market. That is likely to persist for at least the next couple of years.

This is not to say oil is now cheap and likely to stay so. The fuel remains expensive. In monetary terms, present prices are still double what they were four years ago; in real terms, they are 53 per cent greater.

This was a point made by Mr Donald Hodel, the U.S. Energy Secretary, when he visited London last week. "When they stop hitting you over the head with a hammer, it feels marvellous."

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BUSINESS LAW

The shaky legal framework of big deals

BY A. H. HERMANN, LEGAL CORRESPONDENT, RECENTLY IN VENICE

THE SEMINAR on The Legal Framework of Major International Projects* took place last week in Venice; in the same hotel on Lido where the Death in Venice was filmed—supposedly the last of the film's success—decadence was the password. It rained most of the time, but towards the end the sun came through. In other words, the setting was perfect for discussing the crumbling legal framework of grandiose deals.

One of the many consulting engineers present, Sig Valerio Leto, opened his lecture with a quote from Henry V: "Let's kill all the lawyers." It did not come to that, as evidenced by my ability to write this report. The lawyers were saved by sheer numbers and, perhaps, by the consulting engineers' lingering fear that if the worst comes to the worst they might need them after all.

Much of the contractors' troubles, it would seem, originates in the habit of calling in the lawyer only when things go wrong. In the euphoria of the newly clinched deal, suppliers of multi-million pounds worth of plant often tend to see the lawyer as a spoil-sport; they are unwilling to jeopardise the big deal by precautionary clauses which might spoil the friendly mood and offend the politics of those on the other side of the table. Instead of calling in the pessimistic lawyer, they use scissors and paste. They cut out "suitable" bits from previous contracts, particularly those bits which appear to them meaty in law because they are incomprehensible, add a bit of commonsense of their own, and give their "same" lawyer just enough time to read the concoction, but not time enough to think it through.

This procedure is likely to lead to small savings on lawyers' fees in the beginning, and to huge extra costs of unravelling the consequences. The task of drafting major international contracts is probably one of the most challenging tasks of a business lawyer:

the general rules applying to the sale of goods are hardly suitable to complex deals which have a life of their own, in which the original contract, like a marriage contract, is about things future and largely unforeseeable.

The task of those drafting the contract is to get away from the unsuitable general rules or, at least, to revise them. There is no adequate standard solution.

In the euphoria of a newly-clinched deal suppliers often tend to see the lawyer as a spoil-sport. They are unwilling to jeopardise the big deal by precautionary clauses which might offend the customer.

tion, and to use standard clauses out of their original context may lead to surprising and undesired results.

One of the frequent omissions seems to be the lack of provision for a "break-in period" between delivery of the plant and the time it functions properly. Good contracts provide for such a commissioning period during which any bugs in the system can be removed, but sometimes the marketing man believes his own sales talk and prevails with the help of an over-optimistic engineer. The result is that the guarantee period starts from the date of actual delivery, which may be bad for both parties. If the buyers then ask for a performance test during the actual but unrecognised break-in period, the seller can be in real trouble.

The traditional industrial guarantee clauses—for repairing or replacing faulty parts of plant during the guarantee period—do not take into account that in large projects of this type the buyer often takes an important part in developing the technology. The guarantee clause should, therefore, exclude the seller's responsibility for things done at the request of the buyer.

Both the industrial and the performance guarantees require many more procedural provisions than are usual in standard contracts, and this applies with even greater force when the deal involves novel technology. There is need for detailed assignment of responsibilities during the break-in period, for detailed provisions for the test run and for a precise description of the measuring and weighing procedures and instruments. It is, apparently, not always realised how even a very widely formulated guarantee can be narrowed down by the technical conditions of the test. This is particularly important when dealing with state traders whose officials are not allowed or willing to depart from the authorised text of the main contract. One of the lessons of the conference seems to be that most guarantee clauses in current use are inadequate and risky.

Consulting engineers are willing to admit the usefulness of lawyers when drafting the contract but tend to consider them as quite useless in the many disputes, small and big, potential or actual, which emerge during the life of the contract, often as a result of unforeseen circumstances—geological or political, bad weather, or human error, or simply resulting from the "quite normal" delays.

One of the novel devices for smoothing the performance of the contract is the institution of a claims review board. The seller and the buyer each appoint one member, but this also has to have the approval of the other party. The two members agree on a chairman. All three members of the board are expected to serve for at least a year and to give three months' notice if they do not wish to continue beyond that.

The review board receives complete documentation of the project and visits the site at regular intervals, say three times a year for a week. As its arrival is not necessarily the sign of a major dispute, it does

not create the same sort of tension said to be produced by arbitration. On the contrary, those who believe in this method insist that it has a beneficial psychological effect as the people on the spot try to settle their problems and disagreements before the board arrives.

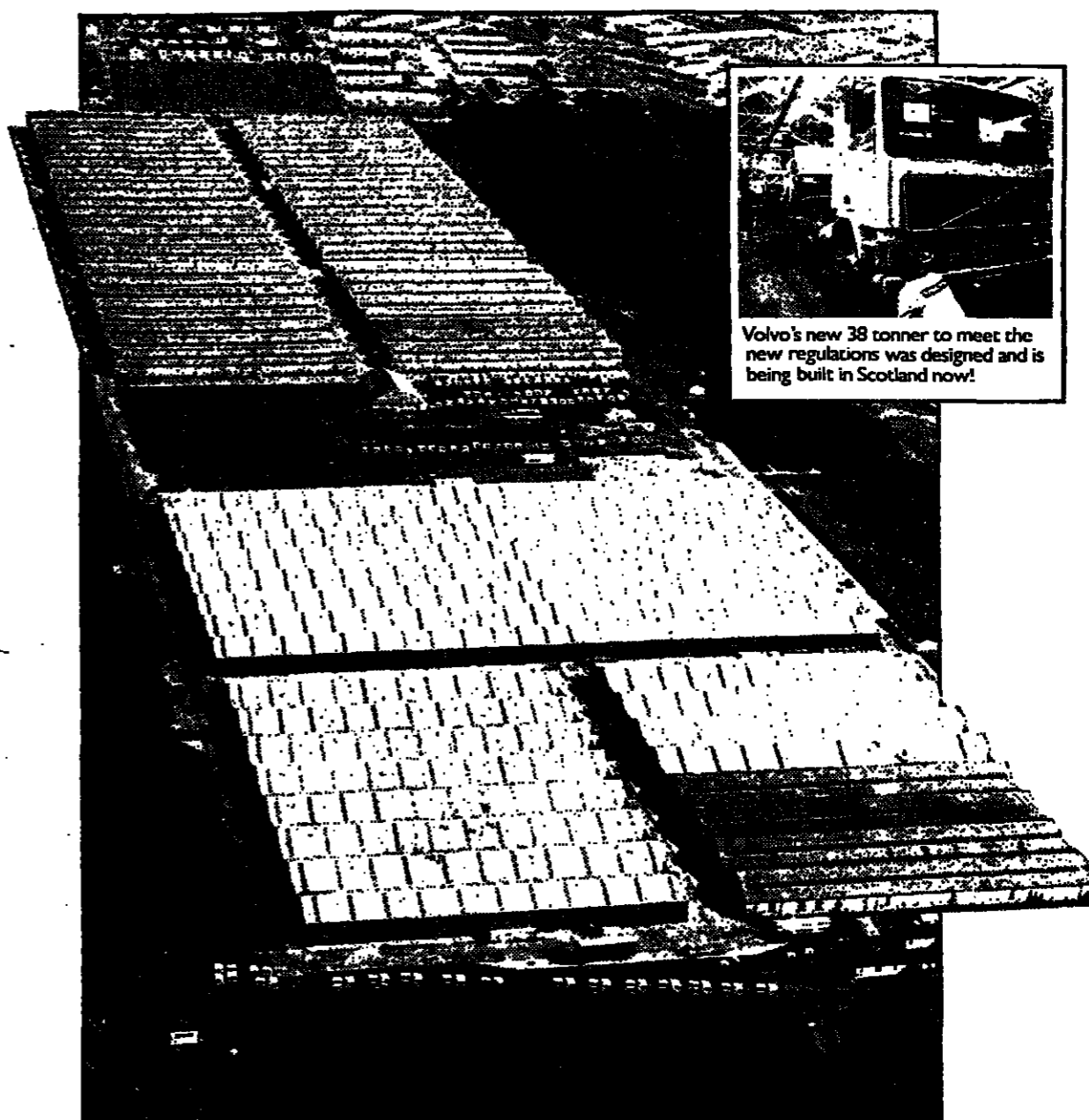
When it arrives, the board first inspects the active sections of the project site, and then holds hearings. Its decisions do not bind anybody but are disregarded only if quite unacceptable to one of the parties. The disregarded decision can, however, be used as evidence in subsequent arbitration. It seems that a claims review board of this type may help the parties to adjust to difficulties and prevent small disagreements to accumulate and grow into major conflicts.

The one sore point of international contracts which neither an individual engineer nor lawyer can overcome concerns performance bonds, particularly the "on demand" type under which the buyer may demand payment from the bank without giving any reason, not to speak of any evidence of breach of contract on the part of the seller. A fraudulent, or at least unjustified calling of such bonds is becoming more frequent and little help can be expected from courts, particularly in common law countries where the unconditional obligation of the bank is considered sacrosanct and quite divorced from the underlying transaction. The situation is slightly better in those civil law countries where courts give protection against "abuse of the law."

The acceptance of such an unequal and onerous condition of contract, as represented by a performance bond payable on demand, is a consequence of the competition for contracts. The EEC has been guilty of many unnecessary harmonisation projects. The elimination of unfair performance bonds might well be a suitable case for harmonisation treatment.

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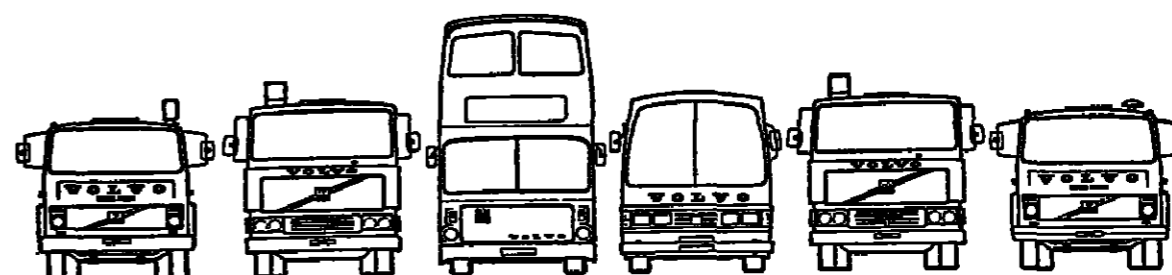
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TECHNOLOGY

ELECTRONIC OFFICE SYSTEM FOR LESS THAN £10,000

Xionics 'Micronode' for smaller users

BY ALAN CANE

THE CUSTOMER at the presentation was polite but sceptical. "You would appear, Mr Bevan, to have accomplished by investing £1.5m what other companies have failed to achieve by spending over £250m. Why should this be?"

The reply was equally polite: "Well, we all work very hard and we don't have any committees."

The presentation, earlier this year, was given by Xionics, a small (£1m turnover last year, now breaking even) office automation company which has been preaching the gospel of electronic systems since its formation in 1978.

The product which aroused so much interest and even incredulity was a way of providing electronic office systems for the small department or small company at a fraction of the cost usually associated with word processing, personal computer on the desk, electronic mail, and so on.

Minimal

Now Xionics and its managing director, Mr Michael Bevan, have formally launched this new system, which they call "Micronode."

According to Mr Bevan, an office could instal a minimal system for under £10,000. The largest system would cost around £25,000.



Mike Bevan: minimal system for under £10,000



An Xionics Micronode system in use.

What gives Xionics and Mr Bevan added credibility for their claims is the powerful list of well-known companies which have worked with Xionics in the development of its electronic office products. It includes BP, Scottish Gas, Allied Breweries, ICI, Oxo, and the Littlewoods. Oh, and the Cabinet Office!

And if further evidence of the integrity of the company was needed, last week Smith's Industries bought 95 per cent of Xionics for an undisclosed fee but which could run into "many millions" according to Mr Bevan. "The exact price is dependent on a complicated formula linked to performance over the next three years. Smith's is putting in an immediate £1m to set up a marketing operation."

The basic product is a way of linking a series of local workstations together with mainframe computers, viewdata systems, and the telnet so that they can all share information, carry out data processing, and pass messages between themselves and to the telnet network. Xionics calls this the Xibus system. ICI's Mond division has such a system.

Headquarters

Mr Bevan says: "Assume an ICI agent in India or East Africa requests a quotation for certain chemicals. The message comes into headquarters over the telnet, from where it is directed to the work station of the sales executive."

(Work station means a television-like screen and a keyboard—Xionics describes it as a multifunction work station which means it will carry out word processing, data processing, electronics mail, and the like.)

"The sales executive can store the request in his personal file while interrogating the data base of the company's IBM mainframe for the necessary financial information. Equally, he or she could ask the company's Digital Equipment mini-computer for information stored in its memory."

Facilities

"Finally, armed with the necessary information, the executive can compose a telex reply on the workstation screen and send it on its way using the electronic mail system."

This is the way in which electronic offices should work and Xionics is certainly not alone in providing these facilities. But everyone agrees that major office automation so far has been only for the large company which can afford the substantial investment involved.

Now Xionics claims to be able to provide all the facilities available on its Xibus system (and Mike Bevan says there are more than 200 different kinds of facility available) while keeping the cost down to what a small department or company can afford.

Xionics worked on a piece of the "work group" a piece

of automated office jargon which is rapidly gaining credibility among the more advanced workers in the field.

It means a small group of workers with a common purpose—examples include the marketing department, training department, management services, purchasing and materials control.

What Xionics offers to these groups is from two to eight multifunction workstations linked to a central processor and filestore, the Xibus.

Each workstation offers—for a price of about £2,000—electronic filing and retrieval, electronic mail, word processing, personal computing, records processing and administration. Two workstations, a Micronode and a printer cost about £10,000. Eight workstations and 20 megabytes of disc storage

work out at about £25,000.

The system can be linked to a Xibus ring through a special interface for large companies where a number of departments might each run a separate Micronode system all linked through Xibus.

Potential customers for Micronode include the Midland Bank and the Greater London Council (which has already installed one of the largest office automation systems based on Xibus).

The sales are that after a long delay the market for automated office systems is beginning to grow in earnest (see, for example this page May 9 1983). Only cost is holding some customers back and Xibus could be the answer. Some even say that Xionics could be another Sinclair. Xionics is on 01-638 0105.

PHOTOGRAPHY

Electronic storage method for 35mm Polachrome

BY GEOFFREY CHARLISH

INFORMATION FROM Polaroid's Wellesley, Massachusetts headquarters indicates that the company is developing processes that will allow exposed Polachrome 35 mm slides to be electronically digitised into about 4m picture elements and held in storage.

The information can then be used to operate a laser printing device to produce a big 10 x 8 in print.

The idea would be to store photographic collections for viewing at any time on a television screen, a simple matter technically since the image can be instantaneously taken from store and used to form a still faster image on the screen. But by just pressing a button the user would be able to get a high quality print.

Polaroid says it will introduce a compact low priced soft-

ware-driven "videoprinter" that will also allow the user to produce computer generated graphics on a variety of Polaroid colour films.

The system is to be called Polaroid Palette and will be able to produce business graphics in up to 72 colours in conjunction with personal computers on 35 mm Polachrome autoprogress slides, 3.25 x 4.25 and 4 x 5 in film.

Palette can at present be used with the IBM personal computer as well as with Apple 2 and Apple 2E machines. Polaroid anticipates that independently developed software packages will enable the system to be used with several other personal and small business computers.

The system has a suggested retail price of \$1,300 which includes the software diskette,

DATA STORAGE

ICE rides the micro boom

BY ELAINE WILLIAMS

WITHIN three short years a small company specialising in the supply of mass data storage for microcomputer systems raised its turnover to £3m last year. This year ICE, based at Ashford in Middlesex, expects to increase its total sales to more than £8m.

"We are riding on the back of the microcomputer boom," said Mr Andrew Dobson, ICE's marketing director. He commented that microcomputer owners very soon realise that they are running out of data storage room so ICE sees a large market in providing the extra capacity they need.

Recently Electra Risk Capital, a fund set up to provide investment for new and growing companies invested more than £250,000 in ICE. This fund will be used to support the development of new products and to extend ICE's marketing operations worldwide. At present the

company exports around 50 per cent of its output but this is expected to increase to 70 per cent within the next year.

According to Mr Dobson, much of the company's expertise is based on software technology which allows the various types of storage systems such as Winchester discs to operate with any of the major microcomputers. Mr Dobson said that the software allowed the user without any great technical expertise to operate the disc system.

ICE has a very close relationship with Rodime, the rapidly growing, Scotland based, Winchester disc drive manufacturer. It is the main supplier of basic drives for the data systems produced by ICE.

As well as mass storage ICE is developing microcomputer network systems which allow several machines to share common memory resources.

Aero-engines

Computer control for lasers

THE Advanced Manufacturing Department of Rolls-Royce in Bristol is the home of a number of spectacularly successful and sophisticated techniques used in the creation of some of the world's most complicated aero engines.

J. K. Lasers of Rugby has added a computer-controlled laser drilling machine to the Bristol arsenal which the company believes is a breakthrough in the use of lasers to bore the myriads of tiny cooling holes needed in those parts of the engine that have to work at very high temperatures.

Now drilling very small, deep holes is difficult using conventional mechanical techniques. Most manufacturers have used electro-discharge machining—slow when compared to laser technology but providing a quality of finish that seemed unobtainable using lasers. J. K. Lasers made its break-

through by abandoning direct or percussive drilling in favour of repurposing techniques where the laser beam is tightly focussed on a smaller hole than the diameter of the hole and then used, effectively as a fine-cutting tool, to cut the profile of the hole required.

JK says: "Immediately it was apparent that holes produced in this way set a new quality standard for laser drilled parts."

The Rolls-Royce laser was a 300 watt Nd:Yg system with computer numerical control on five independent axes of movement. The machine was required to provide movements of up to 0.8m; tooling weighing up to 100 kg had to be moved over these distances with an accuracy of a few tens of microns.

Now JK is negotiating orders for similar machines costing £200,000 to £300,000 each with major aerospace companies worldwide.

Communications

Mobile system

AIMED at the emergency services, security organisations, the utilities and the fuel and power industries is a new mobile radio system from Pire Telecommunications of Cambridge (0223 61222).

Known as the MEX 250, the equipment has direct dialling in both directions, providing fully automatic interconnection from vehicle to vehicle and from a vehicle to PABX subscribers. The units have keypad entry and display of the selected subscriber's number. Paging and shortform dialling are also available.

The standard version offers up to 16 channels but other versions can provide 40, 80 or 256 in single or two frequency simplex operation.

Fast customer frequency programming is achieved by means of a plug-in PROM (programmable read-only memory).

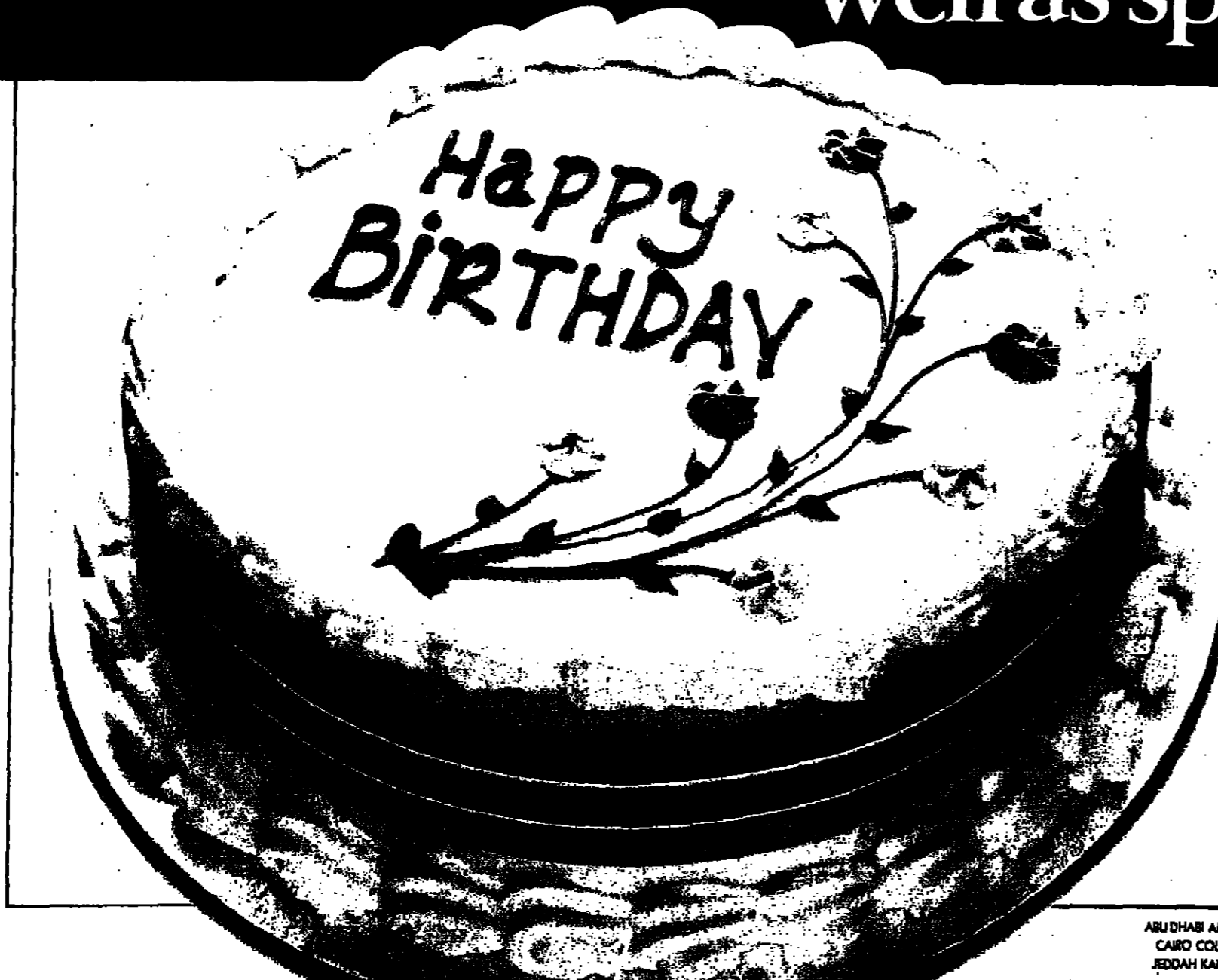
Hazards

Miniature fuse

A SUB-MINIATURE fuse designed to work in hazardous environments has been launched by Littlefuse Olvis of Washington, Tyne and Wear. The company says that the component has been built to standards where intrinsically safe equipment needs to be used in dangerous environments.

Designated the Safe-T-Fuse series 259 they have applications in gas plants, petrochemical and processing industries. More information on the range is available on 0633 462478.

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THE PROPERTY MARKET BY WILLIAM COCHRANE

Unit trusts see an end to outflow

THE DOG days of the property unit trusts may be almost over. A round robin, organised by the movement's management committee this week concluded that there were now "obvious signs of recovery" in the market.

The committee's chairman, John Newman of the Fleming Property Unit Trust, said that the straw poll—covering only six trusts out of 30, but including the "Big Three" of Fleming, Pension Fund Property Unit Trust ("PFPUT") and Lazard—showed a positive cash flow from some funds while others said that last year's outflow of funds had been stemmed.

This comes after 18 months of increasingly miserable sales figures, which finally showed net inflow down to only \$44m in 1982 after \$211m in 1981, and culminated with the merger of the Property Unit Trusts Group (including PFPUT) with the property management interests of merchant bankers Morgan Grenfell.

Now, says Newman, "we believe that the heavy redemptions of last year are behind us." He reckons that the substantial rise in gilt and equity markets have made them infinitely less attractive than they were. The same applies to U.S. investment markets since the fall in sterling, says Mr Newman.

"With rental growth prospects better than they were,"

says Newman, "the funds are now likely to top up." For Fleming itself cash flow is "positive but still only a dribble; by September, we could see a substantial improvement."

There would be rough justice in that. One of the unfortunate characteristics of some unit trusts is the ease with which investors can get out. Property, it bears repeating, is an illiquid business, and one which is slow to move its valuation bases.

So at a time when other investment media looked better, said Newman, the funds took the strain. "But," he notes, "it is even easier to get in than it is to get out," so if some funds want to switch back hurriedly into property, the movement would be an obvious beneficiary.

Cecil Baker of PFPUT says it is too early to be complacent. But withdrawals here have nearly dried up after a year in which the fund had to sell between 7 and 8 per cent of its portfolio to maintain its liquidity ratio.

For Lazard, Dennis Roberts sees a small positive inflow after an outflow in the year to March 31 last. He says that they have been managing the fund very hard, with the result that the unit price had only fallen by £5 within a figure of over £2,000 in a bare year. "Maybe that will make the pension funds take notice," he says.

AT & T charity sale

AMERICAN Telephone and Telegraph (AT and T), the huge U.S. telecommunications group, has agreed to sell its 26-storey New York city headquarters building which it has occupied for the past 67 years.

AT and T is due to move into its new \$200m headquarters building near completion at 550 Madison Avenue later this year.

The telecommunications company is selling its old building in lower Manhattan at 195 Broadway to E. J. Kalikow and Company, a family owned property group. The property company has recently been diversifying its primarily residential property portfolio to include office buildings.

Terms of the deal have not been announced, however it is understood to be worth about \$80m. AT and T is also selling two smaller buildings on the same block to All Purpose Business Corporation lifting the total value of the property deals to over \$75m.

The telecommunications company intends to use the proceeds of the sale to set up a philanthropic foundation to make donations to "charitable, scientific, cultural, civic and educational grants" starting in 1984.

The headquarters sale is expected to close in 60 to 90 days.

PAUL TAYLOR

Midland gets £23m

MARKET SOURCES put a price in excess of £23m on the Midland Bank Pension Trust's sale of its freehold 136,000 sq ft Griffin Building office scheme at Bromley, Kent to the Bank of America.

Bank America plans to relocate about 500 of its London staff from various sites in Central London in the 10-storey building, whose development was managed by JLV Project Services and completed at the end of 1981.

DCI chairman Allan Campbell Fraser says that he has had building society interest in funding the £1m residential content of his £2m plus development at the former Grant store at North Bridge, Edinburgh. The scheme is close to the Law Courts which should provide a market for the 44 luxurious city centre apartments involved in the development.

Butterfield Harvey has sold its new freehold 66,000 single storey industrial development at Easton Seccon, Cambridge, for around £12m. Purchaser was Wilson (UK) Developments, which has let all of the buildings on the seven acre site to Texas Homecare for use as a distribution centre. Henry Batcher and Kline, Diley and Handley acted for Butterfield.

Healey & Baker has bought the former F W Woolworth store at 45 High Street, Brentwood for Marks & Spencer. M & S, in turn, is selling its existing store at 16/18 High

Street—frontage 68 ft, 18,000 sq ft of floor space on two levels—and some £2m is expected for the freehold.

British Steel has sold its 22,000 sq ft Parkway headquarters and research complex, on a 60-acre site at Ladgate Lane, Middlesbrough, to Cleveland County Council for £2m. It will be used as the new HQ of the Cleveland County Police.

Weatheralls and Storey Sons and Parker were joint agents for BSC. Meanwhile, Weatheralls' 1983 property report forecasts a further increase in initial investment property yields, but implies a turning of the tide with renewed interest in property from the institutions from the middle to the end of the year.

Prime freehold shops maintain their investment attraction according to Elliott Son and Boynton, which has bought a small shop at 29 Petty Curry in the heart of Cambridge for the United Kingdom Civil Service Benefit Society, the price of nearly £500,000 reflecting an initial yield of 3½ per cent.

Equity & Law, represented by the Frankfurt office of Weatherall Green & Smith, has completed the purchase of Calverstrasse 19 in Stuttgart's main banking area. Price for the 6,250 sq ft building is close to DM 2m (£780,000) for an initial yield of around 5½ per cent.

New system for tired valuers

JACK ROSE, chairman of Land Investors and author of the property profession's bible "Construction of Valuation Tables," has now brought a touch of high technology to what some regard as the art rather than the science of valuation.

Mr Rose has produced a new kit which with the aid of a microchip is able to transform a standard businessman's calculator for use by the property valuer.

The VALPAC kit costing £180 and which comes complete with a 164 page manual is designed to work in conjunction with the Hewlett Packard 41 C calculator, which sells at most office equipment suppliers for around £140.

The key to Rose's ingenious system is a "valuers" program stored on a microchip which can be easily installed in the calculator and a keyboard overlay which adapts the face of the calculator to its new use.

The VALPAC kit together with calculator and print out facility is designed to fit into a brief case.

VALPAC is available from the PR Department, The Philip Rose Foundation, ISVA, 3 Cadogan Gate, London SW1X 0AS. Proceeds will go to two charities, the Royal School for the Blind and the Philip Rose Foundation which provides research funds for the improvement of valuation techniques.

Professionals look at collectivity

AT LEAST one clearing bank is considering offering customers an integrated package of professional services which could include banking, accountancy, legal, property surveying and auditing services according to Sir Douglas Morphet speaking at a seminar organised this week by Jones Lang Wootton.

"They could therefore become the first 'department store' of services at present offered by the professions. It would of course require a change in the law to enable them to provide auditing services to registered companies but a challenge is already there," said Sir Douglas, who in recent years has been a key figure in the development of inflation accounting.

He warned however that the integration of diverse financial and professional skills could dilute the quality of individual services offered and could present problems for the various regulatory bodies empowered to watch over the specific interests of the various professions.

"Any concept of providing a collective service by the joining together of one or more professional bodies in different disciplines must increase these problems greatly and would be, in my opinion, unwise or impossible," said Sir Douglas.

This year is JLV's 200th in business and the subject of its bicentenary seminar "The

future of the professions: a collective or an individual service" appeared particularly apt for property professionals in the 1980s who are not only looking to beat emerging competition from rival professions but are seeking to break into new markets themselves.

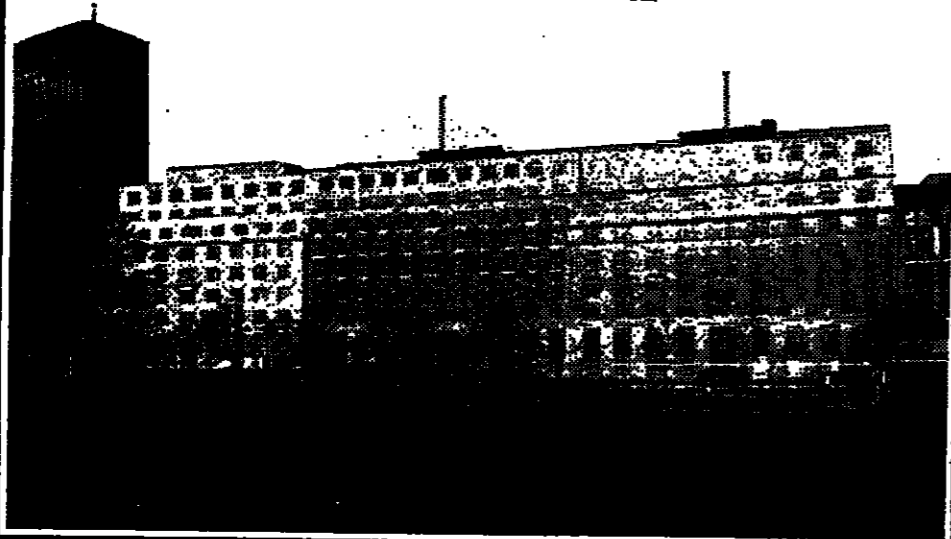
Sir John Baring, chairman of Baring Bros and a Bank of England director, says that the complexities of tax laws had already led to "considerable overlap" between accountants and lawyers. Similar overlaps existed between chartered surveyors and the legal profession due to the complexities of planning legislation.

Mr Richard Luff, president of the Royal Institution of Chartered Surveyors, said that he believed that clients preferred to exercise individual choice when employing an architect or valuation surveyor. He was also concerned that there should not be a concentration of power with diversified practices tied too closely to the interests of large financial institutions.

Harry Sparks, a partner with stockbrokers Phillips & Drew, forecast that there will be "more direct integration of the investment divisions of leading chartered surveyors with investment management houses, including those associated with stockbrokers."

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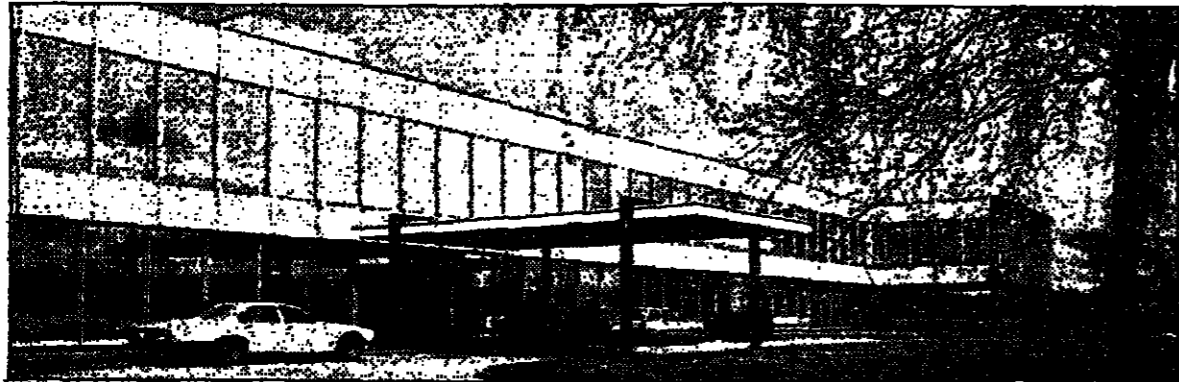
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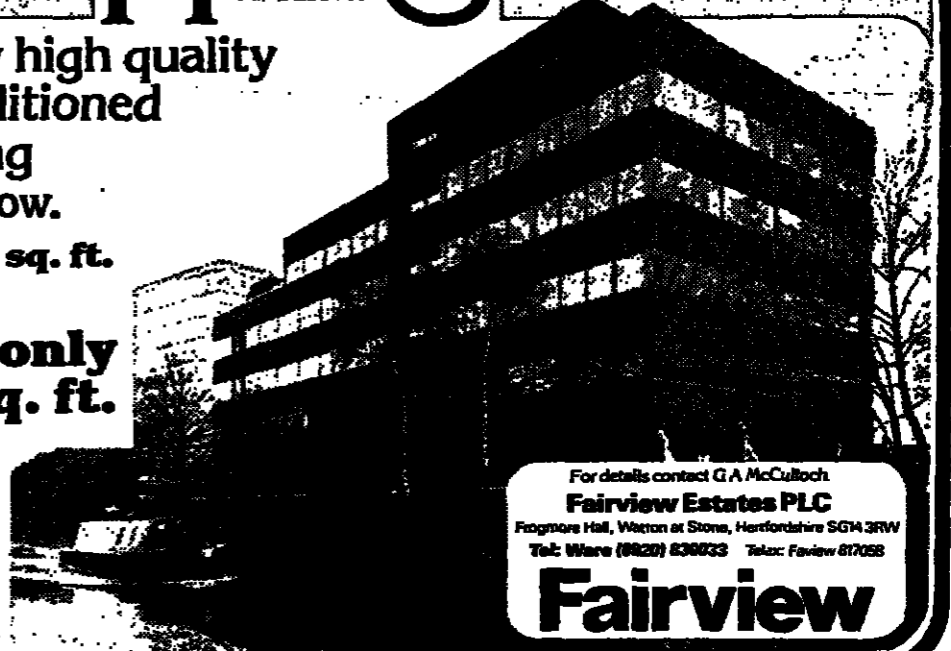
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THE ARTS

Theatre

NEW YORK

Showboat (Garrawin): A clever pastiche of vaudeville and theatre works like magic in the story of life on the Cotton Blossom where shows played the Mississippi and provided unparalleled entertainment, especially with this production's outstanding feature performers giving heart-felt renditions of the 1921 Kern-Hammerstein songs like "If I Were a Rich Man," "Bill, and Life Upon the Wicked Stage." (51st St. W. of Broadway, 596-6910)

Dust for One (Roundabout): Eve Maria Saint brings to New York her starring role as the stricken concert performer facing her psychiatrist in Tom Kempinski's theatre a chief. (242-7808)

Brighton Beach Memoirs (Alvin): As usual, Neil Simon is more funny than touching even when recounting painful puberty in 1937 as his family struggles with the Depression, with an excellent cast led by Matthew Broderick as the aspiring teenage writer. (737-8646)

A View from the Bridge (Ambassador): Broadway and Arthur Miller finally have a hit for the new year - Arvin Brown's music but true revival of the melodrama of forbidden love in New York dockland. Tony LoBlanco may reach the full pitch of contrived despair too soon, but audiences love the schmaltz, even in an Italian accent. (238-6200)

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-winning and elegant National Theatre production of Mozart's life. (247-0472)

Agnes of God (Music Box): The fiery life of Elizabeth Ashley, Geraldine Page and Charles Durning, a somewhat over-written clash of ideologies. (246-4636)

Joseph and the Amazing Technicolor Dreamcoat (Royal): The first work by Andrew Lloyd Webber and Tim Rice in a lively and imaginative rendition directed by Tony Tamar. (245-5700)

WASHINGTON

Buried Child (Kreger): Vintage Sam Shepard, a 1979 Pulitzer Prize winner, recounts a family reunion in which the returning son is not remembered by the rest of the family and garbage ends up on the floor. (Arts, 483-3300)

Fanny & Jess (Opera House): This 50th anniversary production of Gerhart Hauptmann's classic opera does justice to the music and sense of community established in Fanny's desperate love for Jess in their squalid Catfish Row lives. Kennedy Center (254-3770)

Requiem (Washington): Made famous by the Marx Bros movie, this 1937 farce starring Hal Linden can stand on its own with the ribald story of an impoverished producer whose troupe is stranded with no money in their New York hotel. Kennedy Center (254-3770)

Chicago (Goodman): 200 S. Columbus St.: A. R. Gurney Jr's vision is confined by four walls, the four walls of a middle-class New England family as it changes with its inhabitants. (432-3300)

Red River (Goodman Mainstage): Robert Woodruff directs David Mamet's translation of Pierre LaVie's speculation on the lives of Bulgakov and Mayakovsky as the Soviet writers struggle for their lives and work. (443-3800)

Cloud 9 (Apollo): The premier of Caryl Churchill's discussion of the English character seen first in the wilds of colonial Africa and then in a contemporary Islington garden follows

Tommy Tune's New York production under the direction of Don Amendolia, who performed in the New York version. (2540 N. Lincoln, 855-5100)

Kenny's Children

Kenny's Children (Pegasus Playhouse): Robert Patrick's deadpan and discouraged discourse on the youth of the 1960s as reflected through the mirror of a New York bar in 1974 still resonates in the 80s. (1020 W. 57th St., 271-2630)

E. R. (Organic)

E. R. (Organic) (3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodrama, starring Gary Houston as an ambitious young doctor, Shaka Akene as the receptionist and Lily Monks as the authoritarian nurse. (227-5588)

LONDON

The Rivals (Olivier): Splendid National Theatre revival, cunningly designed by John Gurr to place us in the middle of 18th century Bath. Geraldine McEwan takes a fresh, incisive look at Mrs Malaprop. Michael Hordern is an unruffled Sir Anthony. Peter Wood directs. (222-2232)

Black Brothers (Lyric): Strong rock melodrama by Willy Russell about Liverpool twins separated at birth. Pop star Barbara Dickson, very like a young Grace Fick, is superb as their grief-wracked mother. (222-2232)

The Taming of the Shrew (Barbican): Jacobean comedy by Middleton and Dekker with Helen Mirren as the spoony-woman in a spirited production by Barry Kyle now playing in tandem with last year's *The Taming of the Shrew* from Stratford-upon-Avon. (222-2232)

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hook-

ey sticks, a cliffhanger rescue, stout moral conclusion and a rousing school hymn. Splitting if you're in that sort of mood. (422-562)

A Map of the World

A Map of the World (Lyric): Brilliant new play by David Hare, set in a luxury Bombay hotel where a UNESCO conference on world poverty has been convened. Chill, meticulous production by the author has strong performances from Roshan Seth (Nehru in the film Gandhi) as an Indian novelist, Bill Nighy as a journalist and Diana Quick as the actress in the middle of an ideological showdown. (222-2232)

Noises Off

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blake's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (856-8888)

The Real Thing (Strand): Fascinating, enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex scenes. A tone of serious levity is well struck in Peter Wood's production and the performances of Roger Rees and Felicity Kendal. (856-8888)

Triffid (Trafalgar): Embarrassing play starring Toyah Wilcox that sets the battle of the sexes in a wrestling ring. This fringe success has reopened at the National Theatre and some unlooked-for singing talents as well. (222-2232)

The Pirates of Penzance (Drury Lane): Raunchy vulgar Broadway musical that sits Gilbert and Sullivan on a wacky cushion. (536-1008)

Guys and Dolls (Olivier): A first-class revival of this witty musical happily laid out on the open stage, with a good selection of the acting talents of the National Theatre and some unlooked-for singing talents as well. (222-2232)

Cinema/John Pym

The android with the heart of gold



Klaus Kinski and Kendra Kirchner in "Android"

Android
Six Weeks
Honkytonk Man
Bad Boys
Codename: The Soldier
Tenebrae

One of the startling achievements of 2001: *A Space Odyssey* was its recreation of dead time in space. The boredom of astronauts on forgotten missions, the mundane routine of spacecraft life, have since become cinematic givens. Cinematic "space" has also, of course, become noisy big business. Superman in his third incarnation is about to swoop: we are bracing ourselves for the Return of the Jedi.

Android, an 80-minute American independent production of deceptive modesty, is aware of its antecedents and perhaps because of this does not feel compelled to belabor its concepts. In John Carpenter's *Dark Star*—another similar and singularly promising first feature—the spacecraft with its quarrelsome laid-back crew, its beach-ball "alien" and its thinking nuclear bomb, had a lived-in quality. One believed on the slenderest evidence and with the minimum of special effects in its reality. Just so with the reach-down cast adrift spacecraft of *Android*.

A gawky tender hearted human robot, Max (Don Oppen), the servant of a scientist who is finishing off the perfect robot-woman, Cassandra, has yearnings in this corner of nothingness for the Earth he has never seen except through the New Technology. He can conjure up *Metropolis* on video; is intrigued by a line-drawing sex education tape. He can mimic kind Jimmy Stewart: adjusts his snap-brim fedora in the privacy of his bedroom, expands the elastic of his underpants. The scientist (Klaus Kinski), power-mad but in many ways unexpectedly restrained, doesn't care a damn; is interested only in finding a woman whose sexual electricity will spark his dull life into life. Arrive three renegades, one a Hawaiian woman.

Written by James Reigle and Don Oppen, and directed by Aaron Lipstadt, *Android* is distinguished less by its functional plot than by its unpretentious drive and by its nicely judged and sometimes comic detailing. The ill-chosen renegade men are two-dimensional black hats, but they register with the same sort of off-hand professionalism as those second-string Warner Brothers' gangsters of old. One rejoices in their every snarl.

Don Oppen — gap-toothed, wide-eyed and, when his wig is removed, as bat-eared as poor Nosferatu—steals the picture. Unlike the "replicants" of *Blade Runner*, killer androids in melancholy search for their never-experienced humanity, Max is a wholly winning creature with an authentic boyish charm. In the end, his master changes from the cruel to the back of his head: the eyes go dead, his grip becomes lethal. To reveal more would spoil the exhilarating fun.

Six Weeks, a box-of-Kleenex movie, is about the last days of a relentlessly spunky West Coast teenager. She suffers from a fatal cinematic disease, which is to say it kills with the minimum of messy outward signs. Brave Mary Tyler Moore plays the single mother: she is a philanthropic millionaire, nothing, this being fantasy land, is to be denied her daughter.

The girl practises her ballet positions with a will, and her efforts are rewarded at the eleventh hour with the lead role in the Christmas production of *The Nutcracker* at New York's Lincoln Center. The plot, such as it is, however, chiefly concerns the girl's more pressing desire to see State Senator Dudley Moore, who peddles an egregious brand of downbeat British humour, safely elected to Congress. Coming from California, she is also anxious to get him into bed with her mother. It is presumably the

memory of the success of the seamless *Love Story*, rather than the mawkishness of *Sunshine*, which encourages producers to go on making such sentimental tearjerkers as this.

Clint Eastwood has been a bankable star capable of calling the shots for much longer than Dudley Moore. And he has for some time been in need of a hard-headed producer for his own films. In *Honkytonk Man* sentimentality is still the force as the hero, Eastwood, a Country and Western singer, having picked up his nephew, Kyle Eastwood (the first son and heir), meanders through the depressed Southern States of the Thirties. He has been promised a try-out in Nashville, a last chance for fame. But TB intervenes, on-stage no less. The boy watches helplessly, picking up the lore. Hollywood fame on the Eastwood scale, as William Goldman's new book *Adventures in the Screen Trade* makes clear, exacts a crippling price. And by the time the film is over, Eastwood, for all its echoes of a once authentic charm, has worn distinctly thin, the self-regarding nonchalance grown tiresomely predictable.

The cinematographer Bruce Surtees, who worked with Eastwood on his best film, *The Outlaw Josey Wales*, brings a pleasant burnt look to the locations of *Honkytonk Man*. His best efforts, however, cannot make one believe in the stagey

principal set of Rick Rosenthal's *Bad Boys*. One emerges from this old-style reform-school picture about the heirs to Scarface's Chicago wondering whether one was really intended to feel pistol-whipped into indignation at the horror of it all.

Sean Penn, an unappetising hoodlum who fights his way to the top of the pile in a risibly mismanaged home, is threatened with his come-uppance when the brother of the small boy he accidentally killed appears in the dorm with vengeance on his mind. Even more formulaic is the cut-price apocalyptic caper *Codename: The Soldier*. The boyish superhero of the title and his unprepossessing squad of elite soldiers collar a suitcase containing the whereabouts to the United States' prerogative to start World War III. Plenty of stunts but a woefully mangled plot.

In *Tenebrae*, Dario Argento, the Italian director of a short list of horror pictures which have attracted a small cult following in Britain, attacks his subject—a mysterious "slasher" with a propensity for lightly clad young women—with gusto and flashes of lunatic style. The crackpot is not hard to identify; the plot an inconsequential mishmash padded with improbabilities; nevertheless, some of this is to be forgiven when Argento pulls off an agreeably Grand Guignol ending.

Saleroom

Annalena McAfee

A world record auction total of \$2,400,000 (£232,813) was realised at Sotheby's sale of Impressionist paintings and drawings in New York on Wednesday. Only 15 years ago Sotheby's worldwide annual turnover amounted to less than \$20m.

The sale featured 90 pictures, including 16 from the Doris D. Havemeyer collection. Ten pictures were sold for more than \$1m (£820,000) and less than 5 per cent was bought in.

The top lot was from the Havemeyer collection, 'L'Attente', a pastel study by Degas was bought jointly by the Getty Museum and the Norton Simon Museum for \$2,322,981—a world auction record price for any

Impressionist. Another Degas, 'La Chanson du Chien', also from the Havemeyer collection, was sold for \$2,118,012 to a private American buyer. A record price for a Renoir, \$1,708,075, was paid by an anonymous buyer for 'Baigneuse', an oil study on canvas. Record prices were also paid for works by Corot, Dufy and Max Liebermann.

'Nymphes', an oil study of waterlilies by Monet, was sold for \$1,639,752 to a private buyer. His 'La Zaan A Zaandam', painted in Holland in 1871, was bought for \$956,532 by a dealer. The same price was paid by a private American dealer for Manet's 'Roses Dans un Vase de Verre'.



A detail from "L'Attente" by Degas

F.T. CROSSWORD PUZZLE No. 5/176

ACROSS

- Village play (6)
- Vice-call for reform by the collar? (8)
- Blond, probably, in Johnson or Dickens (6)
- Jazz man keeping watch on inferior newspaper? (8)
- England's leader, the true try-fair? (8)
- Businessman backing revolutionary painting (6)
- 5 down Ken involved with a girl in play (4, 4)
- Money in a purse, going down (7)
- Article in clothing, subject of conversation? (7)
- East coast laundry? (4)
- Must of a planet? Some of you ran, I assume (6)
- I was by Graves, uncle to 1 across (8)
- Aunt lies terribly to protect wire (8)
- Food in pub? He has no choice (6)
- Not many follow a dog that keeps one at home (8)

DOWN

- Bird uses beak — against male? (8)
- Businessman renders French sex song. Venetian in play (8)
- Exile from alien regime (6)
- See 15 across
- Old men never sat awkwardly (8)

SOLUTION TO PUZZLE No. 5/175

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Arts Week

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20 21 22 23 24 25 26

Music

ZURICH

Tenacious Zurich Chamber Orchestra with Maud and Paul Tenacious cellos conducted by Edmund de Stoutz (Händel, Dvorak, Vivaldi and Grieg) (Tue); Honora Franceschi, piano (Wed).

VIENNA

Konzertsaal (22:11): Vienna Chamber Orchestra, conductor Philippe Entremont. Mozart (Wed); Radio Symphony Orchestra, Berlin. Vienna Youth Choir. Conductor Riccardo Chailly. Eben, Gonsouf and Lisa (Thu).

Secession. Festival of New Music. Die Tödliche Dosis/Botzmann/Zew from Berlin (Tue); The Residents (Wed).

LONDON

Halle Orchestra conducted by James Loughran with Peter Donohoe, piano. Beethoven, Chopin and Liszt. Royal Festival Hall (Mon). (222-5191).

London Sinfonietta conducted by Oliver Knussen with the Arditti String Quartet and Electric Phoenix. Britten, Maxwell Davies, Holway, Terryough and others to celebrate the 40th anniversary of the Society for the Promotion of New Music. Includes four world premieres. Barbican Hall (Mon). (848-8891).

English Chamber Orchestra directed by Murray Perahia, piano. Mozart. Royal Festival Hall (Tue).

English Bach Festival: Trevor Pinnock, harpsichord. Bach and Rameau. Queen Elizabeth Hall (Tue). (222-5191).

Philharmonia Orchestra conducted by Simon Rattle with Misha Dichter, piano. Strauss, Beethoven and Dvorak. Royal Festival Hall (Wed).

London Mozart Players conducted by Thomas Vassary, piano. Mozart, Janacek and Haydn. Queen Elizabeth Hall (Wed).

Young Musicians Symphony Orchestra. Harlow Chorus and Nely Chorus conducted by James Blair. Elgar's The Dream of Gerontius. Royal Festival Hall (Thu).

Bonnie Scott's Fifth Street: Dizzy Gillespie, trumpet. Until June 1. (480-0747).

PARIS

Los Angeles Philharmonic Orchestra with Carlo Maria Giulini. Gluck, Kremer, Yo-Yo Ma. Beethoven (Mon) Salle Pleyel (853-8511).

Colonne Orchestra conducted by Lorin Maazel with Colonne Orchestra. Choeur conducted by Jean Sourdieu. Beethoven (Tue) Salle Pleyel (853-8511).

Orchestre de Paris conducted by Rafael Kubelick with Brigitte Fassbinder and the Paris Orchestra choir conducted by Arthur Oldham. Mahler symphony 3 (Wed, Thu) Salle Pleyel (853-0768).

Scottish Chamber Orchestra with Teresa Berganza: Haydn, Mozart, de Falla. R. Strauss (Thu) top-chatelet (281-1082).

NEW YORK

Alfred Brendel: piano recital. Beethoven programmes (Mon, Thu). Carnegie Hall (247-4459).

Guarneri String Quartet: Beethoven programmes (Tue, Thu). 82nd St. Y. 1395 Lexington Av (247-4410).

WASHINGTON

National Symphony: Mstislav Rostropovich conducting. Gwendolyn Bradley soprano. Claudia Carter mezzo-soprano. Choral Arts Society directed by Norman Scribner. Mahler (Tue, Wed, Thu). Concert Hall, Kennedy Center (254-3770).

CHICAGO

Chicago Symphony: Leonard Slatkin conducting. Hanson, Sibelius, Vaughan Williams (Thu). Orchestra Hall (435-8122).

Exhibitions

WEST GERMANY

Berlin, Nationalgalerie. Potsdamer StraÙe: Werner Knaupp, a contemporary German artist, tries to come to grips with death in paintings and drawings. Ends June 5.

Bremen, Kunsthalle, Am Wall 207: paintings, gouaches, water colours and drawings by Horst Antes, a German painter. Ends June 1.

Hamburg, Kunstverein, GlockengieÙerwall: Premonitions and fear of death, depicted by eight contemporary German artists, Ferdinand Hodler, the Swiss artist, and Edward Munch. Ends June 1.

Hannover, Kunstmuseum, Urs-Schwitters-Platz: Paintings, sculpture and drawings by Umberto Boccioni, the Italian futurist painter. Ends June 12.

Munich, Haus der Kunst, PrinzregentenstraÙe: Contemporary West German painters and sculptors. Ends July 10.

Cologne, Wallraf-Richartz-Museum, Am Reichensberg: Irish art of three thousand years comprises virtually all Irish national treasures on loan from the Irish National Museum, Trinity College, Dublin, and Ireland. Includes a number of the first Irish manuscripts, relics of Irish saints and utensils from the workshop of Irish goldsmiths; silverware; and gold and silver jewellery. Ends June 2.

Munich, Museum Kunstpalast, Lenbachhaus: 40 German artists in honour of the year's 500th anniversary of Martin Luther's birth, the museum is showing original drafts, documents, models and photographs recording with clarity and realism the life of a number of public monuments to the great reformer in the 19th century. Closes at the end of May.

ITALY

Milano, Santa Maria della Grazie: Pre-Raphaelite watercolours including unsigned works dated 1880-1920 by Dante Gabriel Rossetti's brother, John Everett Millais. Ends June 30.

Milano, Galleria 32, Via Brera 6: About 60 drawings by the German satirist George Grosz done between 1914 and the 1930s. Ends May 30.

Venice, Museo Correr: Engravings by 18th century Venetian artists from Canova to Tiepolo. Ends June 5.

LONDON

The Tate Gallery: The Essential Cubism is a wonderfully particular and illuminating exhibition by Douglas Cooper and Gary Tinterow, with the finest examples at every turn of Cubism in its definitive period from 1907 to 1920. Braque and Picasso dominate the show, and as prime movers and principal exponents, so they should. But their relation to their immediate associates and followers is made clear — Gris the most substantial of them at the time, Leger the most idiosyncratic and independent, Laurens and Lipchitz the sculptors, Delaunay, Marin, and others. Ends July 10.

NEW YORK

Winston Churchill (National Academy of Design): Paintings and drawings of 60 works borrowed from Churchill and Churchill family

winter, by Martins, d'Amboise and Duval. New York State Theater, Lincoln Center (870-5570).

Alvin Ailey American Dance Theatre (City Center): Three local and one company premiere are part of the spring season of a company that has parlayed American gospel, Broadway and classical dances themes into a national institution. (55th St. of 7th Av. 581-7907).

CHICAGO

Barber of Seville (Athenaeum): Chicago Opera Theater production, in English, stars Cynthia Munzer as Rosina, Robert Orth as Figaro and Abram Morales as Count Almaviva, with Mark Flint conducting. (2836 N. Southport, 863-0538).

The Next Step (Auditorium Theatre): Dancer and choreographer Carrie Stern shows an Eastern influence in her work that combines autobiography with homage to American popular as well as reflections on such contemporary themes as the Iran-Iraq war. (70 E. Congress, 822-1100).

PARIS

Les Indes Galantes. Rameau's opera-ballet in a new production conducted by Philippe Herreweghe. Choreography, Viola Farber. TMP-Chatelet (261-253).

Poulenc's Dialogues Des Carmelites with the role of Blanche de la Force sung by Marie Ewing and that of Madame de Croissy by Regine Crespin alternates with Offenbach's La Belle Helene in a new production conducted by Alain Lomard at the Opera Comique (886-0311).

NEW YORK

New York City Ballet: The season continues under its new director Peter Martins with 40 works from the repertory, ranging from Balanchine's first American work, *Serenade* (1934), to four pieces premiered in



Thomas Moore and Cecily Heron, by Hans Holbein. Loaned by the Queen to the Pierpont Morgan Library, New York.

PARIS

Claude Monet: Honor is paid to his Giverny period with 45 of his paintings, including the nymphs, at the Centre Culturel du Marais, 28 Rue des Francs-Bourgeois. (277-3225).

Closed Tue. Ends July 10. Edward Manet: An exceptional retrospective marks the 100th anniversary of the artist's death including Olympia, the Bar at the Folies Bergeres, Nana and Desjeuner sur l'Herbe. Paintings, which of the time created such a scandal, are now seen as classics in the tradition of Franz Hals and Velasquez, whom Manet revered. Yet at the same time they are a homage to one of the first impressionists and a pioneer of modern art. Grand Palais April 16 - August 1, closed Tue. Late night Wed till 10pm (261-5416).

NEW YORK

Winston Churchill (National Academy of Design): Paintings and drawings of 60 works borrowed from Churchill and Churchill family

FINANCIAL TIMES

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Friday May 20 1983

Politics and
state industry

MR PATRICK JENKIN, Secretary for Industry, yesterday released the text of his letter to Mr Ian MacGregor, chairman of British Steel, confirming the Government's approval of the corporate plan for 1983-86. Not surprisingly, the letter contained only good news. It included support for four major capital spending schemes, including the modernisation of the Port Talbot hot strip mill.

The letter noted that the corporate plan contained no proposal for a joint venture with an American steel company. The Government presumably has no wish to consider the proposed Ravenscraig-Fairless deal (in which the Scottish works would supply semi-finished steel to the U.S.) until after the election, even though the arrangement might be thought to fit well with the Tory manifesto commitment to transfer parts of British Steel to the private sector.

Recent Government policy towards steel has been an uneasy compromise between the short-term desire to preserve jobs (especially in Scotland) and the long-term goals of viability and de-nationalisation. Just how this circle is to be squared, given the surplus of world steel capacity, is far from clear, and the Tory manifesto sheds no light on the subject.

Freedom

It may well be that joint ventures with companies outside the UK will provide part of the answer, but this will only happen if the management is given the freedom to make whatever deals make commercial sense and is not second-guessed by ministers. It is a curious fact that, under a Government apparently dedicated to non-intervention, interference in the running of nationalised industries has been as great as under a Labour Government. Far from being taken out of politics, as ideally they should be, the state corporations have been at the centre of the political debate.

To some extent this reflects the Government's determination to expose monopolies to new sources of competition and to introduce private capital wherever possible. A process bitterly resisted by some of the nationalised industry chairmen. The general direction of Tory policy is certainly right; it is already showing results, as in the response of British Telecom to a more competitive environment. But there is a danger of pursuing changes in structure and ownership for their own sake for political rather than industrial reasons.

A change of ownership does not guarantee an improvement in performance (this is clear from the U.S. unemployment figures). Mr Hawke's interpretation of that paragraph, along with that of most other observers, was that the current wage freeze in Australia would continue until the end of the year to be followed by a small increase, probably of the order of 3-4 per cent.

But for the unions the time already seems to be up. This week the Australian Council of Trade Unions said it would seek wage rises outside the centralised system unless the Conciliation and Arbitration Commission provided full quarterly cost of living adjustment from the start of this year. The ACTU president, Mr Cliff Dolan also said uncompromisingly that the unions would settle for nothing less than a wage increase every three months to match price movements.

Limits
On the other hand Australia's employers have continued to shed labour at a painful rate while also increasing the price of many manufactured products, particularly consumer durables and motor cars.

After less than three months in power the Government is already taking a tougher line on the flows of foreign direct investment into the country. New guidelines on foreign investment and take-overs have not been announced but it appears that property purchases are particularly frowned upon, while the limits to the extent of foreign ownership already imposed in the mining and resources sector will be extended into services and manufacturing in general.

The need in each case is for government to work out a coherent policy and give the management clear objectives. Where there is full agreement between government and enterprise on targets as in British Airways under Sir John King, considerable progress has been made. Where there is a clash of views, as between British Gas under Sir Denis Rooke and the Energy Department under Mr Nigel Lawson, the result has been confrontation and mutual irritation. Where there is lack of clarity about objectives, as in the case of British Telecom, the result has been confusion and inaction.

The Tories are right to argue that commercial success is more likely to be achieved if the enterprise is transferred to the private sector, simply because the scope for political interference is greatly reduced. But in some cases privatisation is not feasible for the foreseeable future: it is not helpful to proclaim it even as a long-term plan. There is some force in the plea contained in the SDP Liberal Alliance manifesto to "get away from the incessant and damaging warfare over the ownership of industry and switch the emphasis to how well it performs."

The Alliance is too reluctant to disturb the present frontiers between public and private sectors (which are simply the accidental result of past political interference), just as the Labour Party is too inclined to preserve the nationalised industries in their present size and shape irrespective of economic realities. Nevertheless, a greater stress on matching the highest international standards of performance would be in order. That is the context in which performance criteria should be set and monitoring arrangements established and this applies as much to the public utilities which are not exposed to world competition as to industries like steel or shipbuilding. Competition and privatisation have their parts to play, but they are means to an end, not ends in themselves.

As for the figures: Britain's unemployment rate (adjusted by the OECD to make international comparisons valid as described right) has risen from 5.7 per cent in June 1979 to 13.9 per cent in March. Only Belgium, with a rate of 14.3 per cent, and Spain, 16.6 per cent, are doing worse in Europe.

Britain's problem has also worsened more rapidly than in other countries. In June 1979, Britain's 5.7 per cent was almost level with the 5.6 per cent average in the EEC and was better, for example, than France's 6 per cent. France's unemployment rate has actually been falling slightly since last summer, from 8.1 to 8 per cent, while Britain has added another whole percentage point.

It is true that by choosing highly selective policies, such as the "Germany" unemployment is getting worse more rapidly than ours "can be made, but they hardly tell the whole story. Germany, through the effectiveness of its youth training system, its far-sighted early retirement strategy and, to a degree, its fortunate cushion of temporary foreign workers in the early 1970s, checked its unemployment in 1980 and early 1981. The surge since then has taken the rate only to 7.3 per cent, not much more than half the UK rate.

Another Social Democrat-run country, Austria, succeeded by similar methods and comparable economic success in holding unemployment below 4 per cent. Sweden, which has eschewed early retirement, has actually with some vigour over many years many other employment-maximising devices, has an unemployment rate of 3.4 per cent.

So there is no shortage of alternative ways in the international shop window even if to point them out does not necessarily offer working prescriptions in the British context. The point is that, aided, Labour would argue, by the great weakness in the Government's position, however, which the opposition parties are now trying hard to exploit, is the unwillingness to make a serious attempt to reduce unemployment will start to fail. The February public spending white paper assumed an addition of 250,000 to the jobless total this year and since there is broad academic consensus that the British economy can absorb growth of 3 per cent a year for several years without adding to employment, the Government can be legitimately asked: If your assumption is that the problem will get worse, what are you going to do about it?

ABOUT one question, we can be sure the opinion polls will not have changed their reading by Britain's election day on June 9. People will believe then, by a very large majority, as they have done for the past two years, that unemployment is the most important issue facing Britain.

Labour's mistake, or one of them, has been to believe that this sentiment would automatically gain it votes, but to be fair it was the conventional political wisdom on both sides of the house until some time late in 1982 that no Government could win re-election with 3m people out of work and no sign of a change in the trend.

Yet unless the pollsters have been handing out bromide with their questionnaires, that is precisely what is about to happen. A spate of all the grey TV landscapes, the journalistic gabble about blank generations, the social scientific scrutiny of demoralisation and the sheer pathos, Mrs Thatcher has dramatically and astonishingly held her ground.

She has done it, moreover, not only by means of extraneous aids, of which the Falklands factor, opposition disunity and her own image are the three most obvious, but increasingly in recent months by taking the debate to the polls, arguing that Britain's unemployment is a function of a distressed world economy and a history of feather-bedding at home which only her own, rigorous policies can permanently set to rights.

This self-confidence has grown as a variety of surveys have shown that only about a quarter of the electorate thinks the Government chiefly to blame for the unemployment crisis, although less than half of those sampled late last year by Marplan and the Economist Intelligence Unit, were prepared to exonerate the Government entirely. In the EIU poll, however, 47 per cent did shift the blame on to either one or "the world economy."

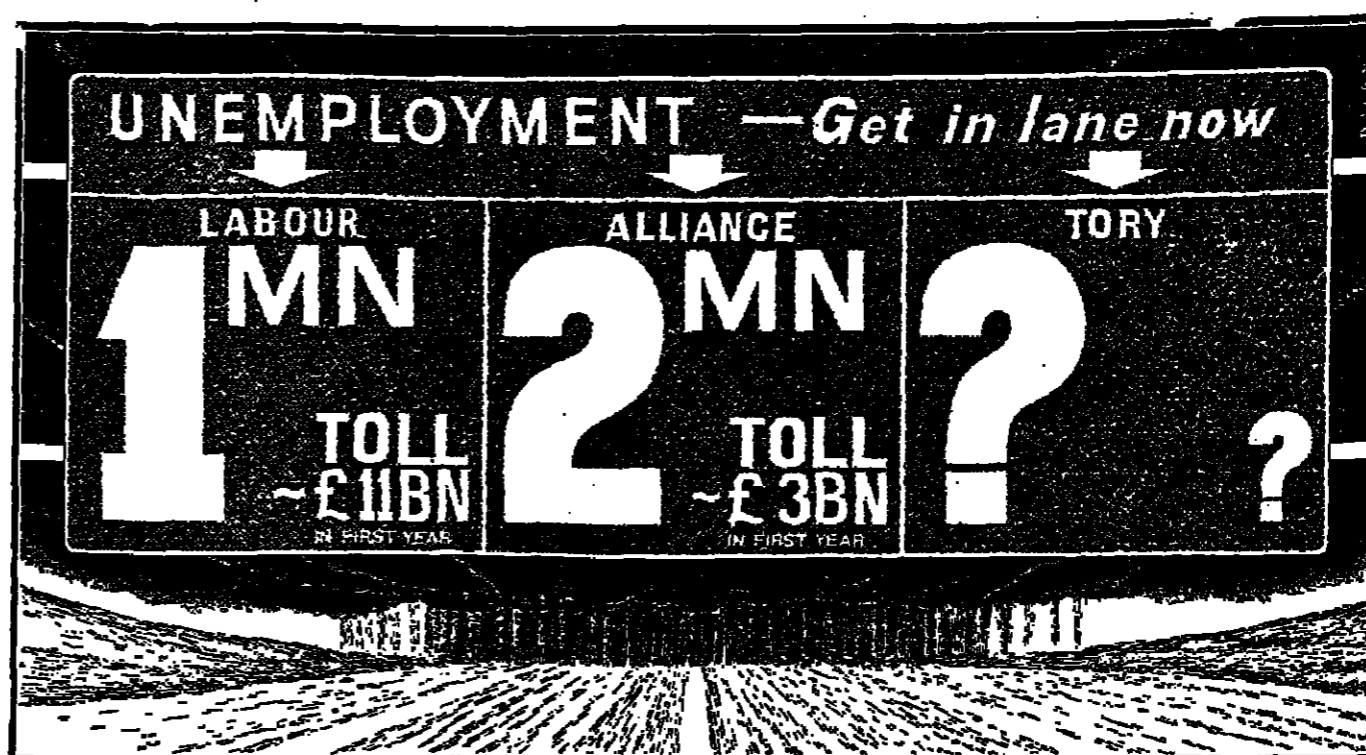
The early indications in the campaign are that Government confidence is still on the increase. Mr Norman Tebbit, the Employment Secretary, wandered into the inopportune territory of Wales the other day (unemployment rate 16.7 per cent) and commented: "Unemployment is socially acceptable at a higher level when benefits are generous than when they are non-existent." True though this statement may be, it displayed a cool bravado which would have been unthinkable a year ago.

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Jobs: the story
behind the figures

Ian Hargreaves looks at the Government's record on unemployment

One riposte to this is that the Government has tried and is trying a wide range of direct special measures, which will cost £1.4bn this year and which are removing 300,000 people from the unemployment count. But the truth is that the Government has been in two minds about these measures, something which has manifested itself in very rapid changes in programme design. The worst example of this has been in the community work programme for the long-term unemployed, which was initially scrapped by the Government, then re-invented only to be subject to major changes in order to reduce the allowances paid to participants. The result has been that the programme is struggling along with 38,000 people involved, well short of the target of over 100,000, and almost an irrelevance when over 1m people have been out of work for a year or more.

The objective behind the latest redesign of the community programme was not so much to get more places per pound of spending but to add to the thrust of the Government's strategy to push down wages and price more people into jobs. Another programme, the Young Workers' Scheme, offers subsidies to employers who pay 16 and 17 year olds below certain minima and although it has proved popular with employers, the Department of Employment recently admitted that it is costing \$5,355 per job created, since most of the jobs subsidised would have been created anyway. The public spending white paper, presumably acknowledging failure, said the scheme would be allowed to decline from its peak of 130,000 places in March to 80,000 next year.

Another area where the Government is open to criticism is in its provision for adult training. At a time of high unemployment among the unskilled, it hardly seems wise to have cut the number of trainees from 93,700 in 1978-79 to 72,600 last year.

Only the recently launched Youth Training Scheme, which was designed in close consultation with unions and employers and in flat contradiction of Mr Tebbit's views on allowances, has attracted anything like general support.

For the future, the Government has, in theory, two options on unemployment. Much the least likely to be adopted is the one that would begin with acknowledging that current economic policies will not reduce unemployment much in the next five years and that since this is a major social problem, steps will be taken to tackle it.

Such steps could begin with improved Government-union relations and, perhaps through the tripartite Manpower Services Commission, some attempt to bargain for a manipulation of working time and retirement against wage concessions, as is happening in the Netherlands, Germany, France and Belgium. The idea would be to start sharing out work, while remaining flexible enough to adapt should the long-run employment effects of microelectronics and the manufacturing-services shift prove less serious than now appears likely.

The preferred option, judging by Mrs Thatcher's recent comments, is to pursue an American model, relying upon low-wage service sector jobs to mop up the unemployed, as happened in the U.S. youth-workers boom in the 1970s. In theory, this might well be thought a more attractive alternative among the employed themselves. The problem is that Britain's unemployment, in common with that of most other European countries, is different in struc-

ture from U.S. unemployment. In the U.S., only about 13 per cent of the jobless have been out of work for over six months; in Europe the average is almost 50 per cent. In Britain the figure is 54 per cent. Labour's approach to unemployment shares the Government's fundamental faith in economic growth as the answer and proposes an £11bn reduction to trigger that growth. To some degree this would be paid for from the gains of taking people out of unemployment, which is currently costing the Exchequer £15bn a year. Labour's target is to reduce unemployment to 1m within five years.

The macroeconomic risks of the policy are all too obvious—that the shelter of price controls, import controls and the national economic assessment on wages will result in a stagflationary U-turn. Direct measures are mentioned in passing, with a curiously warm reference to short-time working compensation schemes, which in practice are useful only in the early stages of a downturn. A 35-hour week is there as a target, but there is no discernible debate in the Labour movement on any trade-off between hours and pay, one of the problems which tripped the Mitterrand Government.

The Alliance, an incomes policy at the ready, combines a £5bn increase in public borrowing to finance labour-intensive capital projects and elimination of the national insurance surcharge—with a series of more novel ideas. The community work programme would swell to accommodate 250,000 people and a separate £500m fund would finance 100,000 jobs in health and social services.

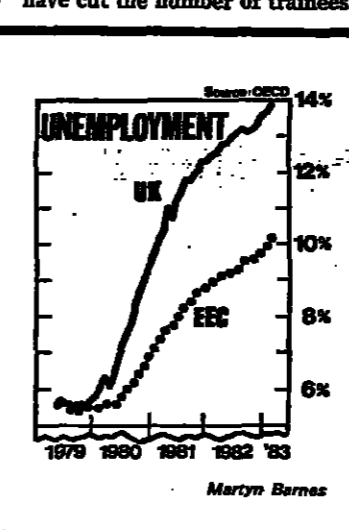
Also proposed is an ambitious job subsidy scheme, based on the ideas of Professor Richard Layard. This private sector employers £20 a week for each additional worker recruited from the pool of those out of work for over six months. Although theory and some research suggests the scheme would waste subsidies much more than recruitment which would have taken place anyway, it is true that the idea has never been tested on the scale proposed.

There is absolutely no doubt that unemployment would fall if consistent growth were achieved without excessive inflation, although few economists would be as confident as the politicians about the numbers involved. To that extent, and leaving aside all the longer-range questions, the choice at this election for the majority of the electorate which thinks unemployment to be the crucial issue is about who can deliver growth without inflation, for which many would argue that the Tories are the better bet.

It is a question, really, in dealing with the unions, whether the electorate goes for Labour's quiet kerbside chat, the Alliance's on-the-spot fine or Mr Tebbit's Denver Boot (the new device which immobilises cars illegally parked in parts of London).

The risk of Labour and the Alliance is that the motorist will go on breaking the law. The risk of Mrs Thatcher, with an electoral sanction for mass unemployment behind her, is that there will be no checks left upon either her social policies or the strategy of pricing people into jobs, one by-product of which would almost certainly be a cut in benefits to the unemployed.

THE CHART shows two standardised rates of unemployment as compiled by the OECD—one for the UK and one an average of six major EEC economies. The OECD figures give closer comparisons between countries than the rates published by individual states. The latter are based on differing definitions of (1) what constitutes unemployment and (2) the labour force against which unemployment is to be measured. The OECD rate records unemployment as a percentage of the "total labour force," which covers civilian employees, the self-employed, unpaid family workers, and armed forces and the unemployed.



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Canberra gives,
but not the unions

FIVE WEEKS after Australia's new prime minister, Mr Bob Hawke, achieved his accord with trade union and business leaders at an "economic summit" in Canberra, his Labor Government has announced the spending programmes which will be the basis of the bargain. But the signs are that the other side of the deal—the promise of wage restraint—is fast evaporating.

In yesterday's mini-budget the Federal Treasurer announced new job creation programmes involving expenditure of \$355.7m (£135.7m), most of them directed at the hard hit housing and construction sectors. The Government is to claw back almost twice this sum by withdrawing federal support for some prestige projects such as irrigation schemes in Queensland and the railway between Darwin and Alice Springs—and by reducing a number of tax concessions which have been of benefit to the rich.

The net outcome, therefore, is that the Labor Administration has managed to trim more from the public sector deficit in four weeks than the previous Liberal Government was able to achieve in four years.

Moderation
In spite of this re-allocation of the Government's resources there is no sign of matching gestures from organised labour. The general consensus after the Canberra meeting was that both employers and unions had agreed to a prices and incomes accord in which the establishment of prices surveillance authority would counterbalance a return to centralised wage fixing through the Conciliation and Arbitration Commission.

The summit communiqué specifically endorsed wage moderation with the trade union movement recognising that "while the maintenance of real wages is a key objective, in a period of economic crisis now applying, it will be an objective over time."

Mr Hawke's interpretation of that paragraph, along with that of most other observers, was that the current wage freeze in Australia would continue until the end of the year to be followed by a small increase, probably of the order of 3-4 per cent.

But for the unions the time already seems to be up. This week the Australian Council of Trade Unions said it would seek wage rises outside the centralised system unless the Conciliation and Arbitration Commission provided full quarterly cost of living adjustment from the start of this year. The ACTU president, Mr Cliff Dolan also said uncompromisingly that the unions would settle for nothing less than a wage increase every three months to match price movements.

Limits
On the other hand Australia's employers have continued to shed labour at a painful rate while also increasing the price of many manufactured products, particularly consumer durables and motor cars.

After less than three months in power the Government is already taking a tougher line on the flows of foreign direct investment into the country. New guidelines on foreign investment and take-overs have not been announced but it appears that property purchases are particularly frowned upon, while the limits to the extent of foreign ownership already imposed in the mining and resources sector will be extended into services and manufacturing in general.

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Men & Matters

That will do nicely, sir," they are now saying round at Conservative Central Office where they are accepting the prestigious American Express Gold Card.

Boots' pitch
Boots may well be regarded as one of the more conservative companies in the British pharmaceutical world. But its U.S. subsidiary is causing a stir by its decision to spend heavily on TV advertising of its anti-arthritis drug, Rufen, direct to the public and over the heads of the medical profession who are supposed to prescribe it.

The U.S. Food and Drug Administration, which polices the U.S. drug business, says it has no powers to stop Boots. But officials have let it be known that they would have much preferred the company to have waited until the issues had been reviewed.

There is a concern among the U.S. medical profession that direct advertising to the public will undermine the role of doctors. But Boots has decided to take the risk of enflaming the medical profession to become the first company to advertise prescription drugs on TV.

Boots is small in the U.S. and has ambitions to grow fast. So it feels that the risk is worth taking.

The main target of the campaign is Rufen's arch rival Motrin, which is known by the technical name of Ibuprofen. Motrin is marketed by Upjohn. The TV adverts are the latest move in a long battle between Boots and Upjohn for leadership in the U.S. anti-arthritis drug field. Upjohn originally licensed the right to market Ibuprofen from Boots. In 1981, however, Boots won the right to market its own version of the drug in the U.S. market.

Boots' Rufen is cheaper than Upjohn's Motrin. But, to quote one Boots executive, "You can tell the doctors that it is cheaper until you are blue in the face. But the cost of medicine is not a physician's concern."

Boots is hoping that its campaign will convince customers that the only difference between the two drugs is that the Boots product is better value.

Two styles
John Wilson, deputy chief executive of the oil group KCA International, turnover over \$50m, has resigned following the collapse of a group reorganisation in which he was to become chief executive.

"I don't look upon it as a firing—although that is effectively what it was," he said yesterday speaking from home after the abrupt turn-out. "Let us just say there were two management styles."

He will be looking for a company which is not "so entrepreneurially run and proprietorially run."

KCA has been an anomaly to many investors and city analysts—which is one of the reasons why its chief executive, Paul Bristol, decided in February to mount a management buy-out.

KCA Drilling, the group's main operating subsidiary—which remarkably is worth more in terms of its share value than the parent company—was to be merged with a second oil-related subsidiary BW Mud to form a new publicly quoted company. Wilson was to become its chief executive—indeed since the beginning of the year he has been effectively doing such a job.

Cadbury power
Those irrepressible Cadburys are making news again. Back in 1969 when Schweppes merged with Cadbury Brothers it seemed as though the long and close family involvement in the business might be coming to an end.

Instead Adrian Cadbury (now Sir Adrian) came along to follow Lord Watkinson as chairman of Cadbury Schweppes in 1975. Now Sir Adrian's younger brother Dominic, aged 43, has been appointed group chief executive. He will succeed Basil Collins who retires this year at 60.

So there are two Cadburys firmly ensconced at the top of the merged firm which at one time looked like subsiding the Cadbury family business.

Sir Adrian is in charge of policy-making. Dominic, who is at present managing director of the group confectionery division, will take over the day-to-day management of the group. Still to be decided is who should follow Collins into the deputy chairman's seat.

Dominic Cadbury, married with three daughters, joined Cadbury Brothers in 1964 after Eton, Trinity, Cambridge and Stanford University. He has spent a lot of his time in sales and marketing and before his present post ran the confectionery operations throughout north America.

Resolution
My young colleague says he is giving up wine and women because he is sick and tired of feeling sick and tired.

Observer

Quality in an age of change.

THE U.S. ECONOMY

Why optimism is spreading

By Anatole Kaletsky in Washington

"A YEAR ago my panel was forecasting a negative GNP growth of minus 0.5 per cent. As we all know the actual output was minus 1.7 per cent. I warned then that the outlook was less sure than usual. This time I would like to go on record as saying the projected growth of 2.9 per cent is more sure than usual."

Bob Eggert, compiler of the Blue Chip Economic Consensus, the standard expression of the top econometric forecasting firms.

"We have reached, I believe, a kind of trading range where interest rates will fluctuate up and down by half a percentage point to one percentage point for the foreseeable future."

Henry Kaufman, chief economist of Salomon Brothers and Wall Street's most influential monetary commentator.

A few months ago it would have been difficult to imagine statements like these being uttered by people with hard-earned reputations to preserve in the investment community. But the mood of confidence which overtook Wall Street last

autumn, and has already made rich men of many stockbrokers, is now spreading even to the planners of the "dismal science."

The Fed's new broader-minded attitude

autumn, and has already made rich men of many stockbrokers, is now spreading even to the planners of the "dismal science."

Economists in the U.S. have at last found something they can almost all agree on: the long awaited economic recovery has begun. Furthermore it is taking place against the backdrop of a financial stability which is almost eerie. After three years of unprecedented interest rate volatility it is possible for Dr. Kaufman to suggest something previously unthinkable—that interest rates are not about to start soaring again.

The Fed Funds rate has hardly moved above 9 per cent, or below 8 per cent, in the last six months. The Treasury Bill rate, although it is less susceptible to direct control by the Fed, has stayed within a trading range of 7.5 to 9 per cent for nine months now. Between early 1978 and last August, in-

terest rates had almost never remained as stable as this even for three months at a time.

This novel interest rate stability and the optimism about recovery are closely connected. For ever since the inauguration of President Ronald Reagan's experiment with large tax cuts and budget deficits, extremely high interest rates have been the main obstacle to the "roaring" economic recovery he had originally predicted.

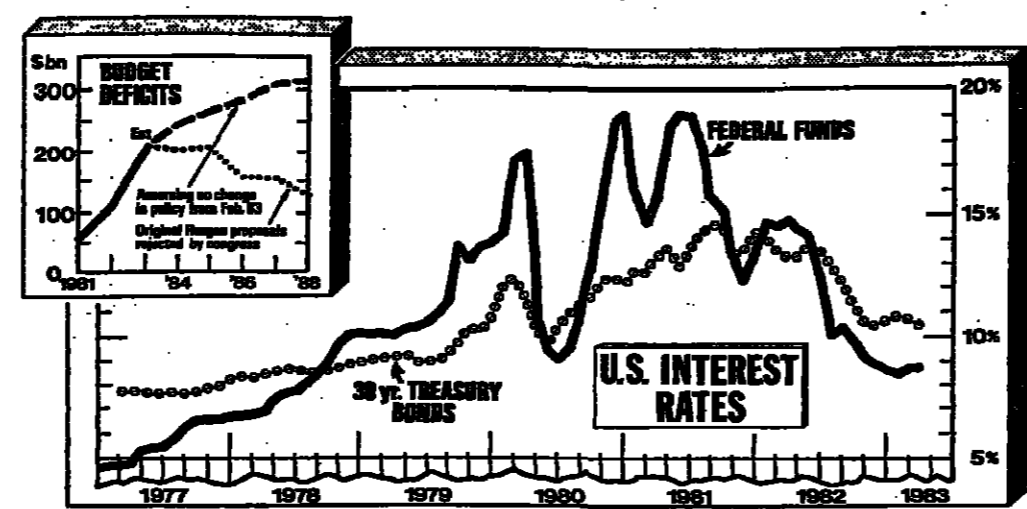
Even when short-term rates plunged by 51 per cent last autumn they remained up to 6 per cent above the rate of inflation. Nobody knew how far interest rates would have to fall to spark off a recovery, but as the period of stable rates began, the indication began to grow that rates at the current level, though unprecedentedly high for this stage in a business cycle, might just be low enough to allow a slow recovery to begin—provided they did not bounce back up.

Though they may only be dimly aware of the reasons, businessmen and consumers are also beginning to join in the economic optimism. Strong expectations of recovery were evident at last week's meeting of the Business Council, the country's top businessmen's club, and are being reinforced by annual statements by company chairmen. They have emerged in surveys of consumer confidence, which have recently been showing the best results since 1978. Last week these growing optimism were buttressed by the publication of April statistics revealing the most impressive increase in retail sales for two years.

Why, then, does a recovery which has almost as much as a mirage last year, now seem relatively secure?

The political arguments are simple. There is a presidential and a congressional election next year. Whether or not President Reagan's re-election is assured, Mr. Volcker as chairman of the Fed this August, all U.S. politicians have been so traumatised by the effects of sky-high interest rates, that a Fed chairman who presided over an interest rate jump in 1979, and who has since then been seen as a man who would probably provoke a direct challenge from the Congress.

For the time being at least,



the fear of inflation appears to have subsided. Despite last year's exceptional boost to the money supply, even the monetarists are issuing inflation forecasts in line with the "consensus" of 3.3 per cent for 1983 and 4.3 per cent in 1984.

There are still furries in the bond market when a very bad MI figure comes out, as it did last Friday, for money supply figures are still seen as restricting the Fed's room for manoeuvre. But ironically, in part because of the Central Bank's demonstrated inability even to measure the money supply accurately, never mind control it, there is no longer a perceived link which leads straight from monetary growth to inflation.

This psychological adjustment in turn has made it much easier for the Fed to stabilise interest rates as well as encouraging it to look at them, if not as a target, at least as an indicator of monetary conditions.

A change in attitude of this kind was in fact inevitable last autumn, when Mr. Volcker made his momentous decision to devalue the basic money supply, M1, as the dominant factor in Fed policy and adopted the broad definition of money, M2 and M3, as his main target.

The Fed's new broader-minded attitude to monetary policy has prompted investors to pay more attention to the

development of the real economy and to look particularly at the strength of the recovery itself as the major determinant of inflationary pressures in the years ahead.

If this is really the way that the Fed's collective mind is working—and comments, both public and private, by some Fed officials suggest that it is—then, as long as the Fed does not make a mistake, interest rates should not rise significantly unless it becomes clear in the months ahead that the economy is picking up too fast.

If the recovery slows down, then Mr. Volcker or his successor should find it much easier than a year ago to convince the market that monetary policy needs to be further relaxed. The crucial question, then, is how rapid the recovery ought to be. Mr. Volcker told the Congress in February that individual economic projections made by the Fed's top officials had a "central tendency" of 3.5 to 4.5 per cent growth between the fourth quarters of 1982 and 1983. He has since suggested that if the exercise were repeated, the projections would probably have been raised a notch.

While these figures are in no sense an official target, they are strikingly close to the Reagan Administration's revised official forecast of 4.7 per cent growth. And this figure (equivalent to 2.9 per cent year-

on-year growth in 1983) happens also to be almost exactly equal to the current Blue Chip consensus of private sector economists.

It would be fair to say that a long run growth rate of around 4 per cent is gaining acceptance as the maximum rate which the U.S. economy would currently sustain without increasing inflation. This degree of agreement is obviously very comforting for the economics profession. It may be less so for the U.S. and the rest of the world for three reasons.

First, growth of 4.7 per cent in the first year of a recovery is very feeble by historic standards. In the average post-war recovery the U.S. economy has grown by 7.9 per cent in the first year and the growth rates currently projected are unlikely to make a significant dent in the country's unemployment.

Second, it is widely believed that the recovery may grind to a halt after 1984, when the political constraint against monetary tightening will diminish and the need to take anti-inflationary measures may become paramount.

Third, even if the expansion continues for several years more, it will, on the basis of present policies, be an extremely unbalanced one, with very high personal consumption, low investment, an over-valued dollar and a huge trade deficit, none of which will improve the U.S. economy's productive

potential and hence its capacity to provide jobs and long-term non-inflationary growth.

The ultimate reasons for all three of these caveats are the same: exceptionally high interest rates relative to inflation, even taking taxes into account, which, in turn stems from the interaction of President Reagan's huge budget deficit with the necessarily tight monetary policy needed to keep inflation under control.

Without legislative action the deficits based on current tax and spending policies would absorb between about 70 and 130 per cent of the private sector's net savings between now and 1988.

The challenge of raising taxes substantially

For a period, particularly in a recession, it is not unusual for the Government to borrow capital from abroad and from the corporate sector to make good a shortfall in personal savings. But obviously this situation cannot go on for nearly a decade with no end in sight.

This is why most economic forecasters are basing their long-term projections on deficits below \$200bn throughout the next five years and arguing that further reductions of \$100bn or more a year are certain to be legislated by Congress in the not too distant future. Even though there is precious little evidence that President Reagan and the current Congress can agree on a sensible long-term budget strategy, it has to be assumed that whoever is elected in 1984 will face the challenge of raising taxes substantially as well as pruning public spending.

Without such heroic assumptions by investors there would be no justification for them holding bonds or other long-term securities, interest rates would almost inevitably rise and the recovery still irrespective of any efforts by the Fed. The economic model would simply blow up.

It is just as well for the U.S.—and the world—economy that, for the present at least, Wall Street has decided to give its politicians the benefit of the doubt.

Lombard

A tale of two Presidents

By David Marsh in Paris

THE MONETARY system, the President said, "no longer corresponds to present realities, and in consequence entails heavy and heavier inconveniences... We consider it is necessary that international trade should rest, as before the two world wars, on an indisputable monetary basis bearing the mark of no particular country."

A new system "should be examined carefully by those states with special responsibilities... The International Monetary Fund, which was created to ensure the solidarity of currencies, is certainly a very suitable place for such negotiations."

That was the way President de Gaulle launched his famous (if futile) call for international monetary reform back in February 1965. Some of the phrases were strikingly similar to those used by President Mitterrand in pleading the case for a new Bretton Woods system last week. But the General was talking, rather vaguely, about a return to the gold standard ("yes, gold—which never changes; which can be changed into ingots, bars, coins; which has no nationality and which is eternally and universally accepted as the unalterable fiduciary value per excellence"), while Mitterrand, in less flamboyant terms, was aiming for a humbler animal, the Special Drawing Right.

The main link between 1965 and 1983 is the common French complaint about the international dominance of the dollar. This allowed President de Gaulle to finance the U.S. current account deficit simply by letting foreign central banks build up their dollar holdings (hence de Gaulle's strictures on gold); and it allows President Reagan to plug today's budget deficit not by raising taxes but by keeping interest rates high enough to draw in dollars from the rest of the world.

President de Gaulle was simply putting the boot into a U.S. administration weakened by declining confidence in the dollar and the run on gold. With Europe now complaining about the strength, not the fragility of the dollar, President Mitterrand's call for "realistic parities" was delivered from a position of weakness, not strength. Some British officials saw the speech as just another anti-

American play ahead of the Williamsburg summit.

But Mitterrand is not exactly alone in calling for currency stability. Mr. Donald Regan, the U.S. Treasury Secretary, has made noises in recent months about the need for monetary reform (although that was at a time when he was more worried about the present about the dollar going down). Herr Helmut Schmidt, the former German Chancellor, has spoken of the need for a gradual return to fixed exchange rates in the years ahead. And Mr. Paul Volcker, in a speech delivered in 1978 just before he became governor of the Federal Reserve, summed up the necessity for action on currency fluctuations using words with which Mitterrand would certainly agree: "It should be possible over time to reach a broad consensus about levels of a few key exchange rates that are not acceptable—that are plainly disruptive of mutual objectives."

Even Count Otto von Lambsdorff, the German Economics Minister, who poured caustic soda on the Mitterrand proposals, admitted the present "system" was not functioning well.

There are basically two schools of thought on how to improve it. Messrs Regan and Lambsdorff suggest that exchange rates will inevitably stabilise as countries tighten economic discipline to harmonise their inflation rates. Echoing the reasoning behind the Schmidt/Giscard initiative to set up the European Monetary System, the French on the other hand say that satisfactory inflation and growth rates will be achieved only after currencies have been put into a less disorderly framework.

France is already taking painful measures to "discipline" its economy in line with the German model. But the strong dollar and high U.S. interest rates are undermining its efforts.

Of course the U.S. is right to insist that not all the world's troubles are made in Washington. But if President Reagan could realise that for at least some of them he bears a direct responsibility, then the clearing of the international horizon would spread a long way beyond Williamsburg.

Letters to the Editor

Intervention in foreign exchange markets

From Mr G. Wood

Sir,—In your edition of May 13, Fred Bergsten and John Williamson argued for a return to official intervention in the foreign exchange markets. They distinguished two types of intervention—sterilised and unsterilised. The effects of the first on the intervening country's money stock are offset; those of the second are not. I do not discuss here their advocacy of the first type of intervention, for while its effects could be damaging they are unlikely to be disastrous. This is in contrast to the second type.

Consider a country which for

some years has been steadily inflating faster than its trading partners. Its exchange rate will have been steadily depreciating. Now that country decides to stop inflating and (for the sake of argument) that it announces a policy to that end and the likely success of that policy is widely believed.

Since the exchange market is an asset market, prices on it move in anticipation of future events; thus the exchange rate will adjust in some degree of anticipation of the end of inflation. Goods prices are slower to adjust so the currency will, for a time, appear "overvalued" when goods prices are compared internationally.

What would unsterilised intervention, recommended in these circumstances by Bergsten and Williamson, then do? To bring the exchange rate down, domestic money would be created and sold in the foreign exchanges, without its effects on the stock of money being offset. The monetary squeeze to reduce inflation is thus reversed. Advocacy of unsterilised intervention is advocacy of the position that once a country has started to inflate, it should never stop. Surely the Bergsten and Williamson proposal was not intended seriously. Geoffrey E. Wood, Buckmaster and Moore, The Stock Exchange, EC2.

Readers happy with Inland Revenue

From the Chairman, Inland Revenue

Sir,—My letter of March 15 invited any of your readers who (like Mr Gower, March 10) thought that an Inland Revenue official had failed to distinguish between legitimate tax planning and tax evasion, to write to me personally with details of the case in question.

You may care to know that precisely one taxpayer out of some 27m has done so. I think your readers are entitled to draw a suitably reassuring conclusion. (Sir) Lawrence Airey, The Board Room, Somerset House, WC2.

Basis for choosing a broker

From the Joint Managing Director, CAL Futures

Sir,—Clive Wolman's report (May 7) concerning "Keith Hunt's disappearance leaving a string of clients wondering whether they will ever see any of their money again" highlights a number of points that deserve clarification.

Commodities as such are no more risky than an investment in the equity market. Companies can go bust, while there is always a residual value to the physical commodity. So far as commodities are concerned they may be purchased or sold in the futures markets employing a gearing ratio as high as 10:1, and it is the ability to gear up that creates the view that commodity investment or speculation is highly risky. Most prudent managers in the commodity and futures markets would normally stick to ratios of 2:1, or perhaps in exceptional cases as high as 4:1.

The unsuspecting investing public should not be blinded by irresponsible claims of performance as has been the case in recent months and they should never place any money with any broker who cannot demonstrate properly segregated and legally protected client accounts. It is not enough to establish segregation by opening a separate bank account for clients. Proper segregation means that each client should have a separate bank account, separate from other clients and separate from the account of the broker. In addition, each client account should be legally protected by trust deed.

Until recently, it was possible for anyone to set themselves up as commodity brokers without being members of any exchange or possessing any floor seats. Jeremy P. Metcalfe, CAL Futures, 37-39 St. Andrews Hill, EC4.

Consign this quango to oblivion

From Mr B. Farmer

Sir,—You report (May 13) that the Prime Minister moved rapidly to forestall public hostility to proposed large rises in the pay of MPs and Ministers. The review body on top salaries should be consigned to oblivion in the same way that Professor Clegg was despatched. Of course there will be public hostility to naive, damaging and irrelevant proposals for vast increases at any time, but especially in times of economic recession. If private industry had comparable studies, then equally bizarre results would be obtained.

It is sheer lunacy to allow a quango of this nature to continue and abolition should be a high priority for any future government.

Brian D. Farmer, The Garden House, High Street, Sevenoaks, Kent

The pound in his pocket

From Mr W. Reid

Sir,—If Mr Brooke (May 17) spends his pound notes and holds on to his £1 coins he is surely, on the contrary, precisely illustrating Gresham's law (in his own view) that good money drives out bad, not vice versa. But yes, if we all felt the same it might be less inflationary—providing not too many coins are produced! W. Reid, 36, St Peter's Square, W6.

An end-of-term report

From Mr R. Jones

Sir,—I have just read Max Wilkinson's "end-of-term" report (May 16) on Mrs Thatcher's economic policy with dismay.

Judging from the tone of much of this article, the suggestion of an "end-of-term" report, and the reference to "the bad old days" one could be forgiven for believing that all economic policies prior to 1979 represented an unmitigated disaster, and that the present regime had been a worthy effort in difficult circumstances.

This is not true. Indeed, the Keynesian era takes on the appearance of a "golden age" in comparison to the last four years. Unemployment remained below 1m until the early 1970s, inflation was well below 10 per cent until just prior to the first Opec price shock, and growth averaged out at between 2 and 3 per cent per annum.

In view of the disastrous economic record of the Government's policies (clearly depicted in the six charts which accompanied Mr Wilkinson's article) the seemingly ephemeral nature of the present world recovery and the purely metaphysical properties of the "Pigou effect," surely it is therefore only common sense that any future administration should return to positive macroeconomic management.

Efforts should be made to secure reforms in the IMF and World Bank as part of a general movement in the OECD countries to a more expansionary outlook, while at home the lead could be taken by cuts in the National Insurance Surcharge and VAT, and by increases in capital expenditure made conditional on wage restraint.

The Tories, as Mr Wilkinson

The causes of unemployment

From Mr F. Mitchell

Sir,—Unemployment is one of the main planks of Labour rhetoric to be employed during the General Election run-up. Mr Foot is very naïve when he talks about the Tory Government having increased unemployment to the present level. Absolutely no one but the most uninformed must know by now that the present world recession is the cause of large unemployment figures world wide. If he cares to look nearer home, he might find another cause which he probably does recognise, but must hastily push aside, into some recess of his most adequate brain.

The trade unions who in the past have done wonderful work for the workers, have done a great disservice to many of their members who are now unemployed. A number of their leaders during the past decade or more have pushed up their members' wages to most unrealistic levels, often with the hypocritical cry that they were doing it for their lower paid members. All this cry for more and more money for doing in some cases less and less, must be responsible for many trade union members being at present on the dole.

Why do they not take a reduction in wages in order to help the unemployed become employed? After all many of

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BIG TAX CONCESSIONS SCRAPPED IN AUSTRALIAN MINI-BUDGET

Hawke spends A\$300m on jobs

BY COLIN CHAPMAN IN SYDNEY

THE HAWKE Government last night cut heavily into planned public spending but devoted more than half the saving to job creation schemes designed to hold Australia's unemployment levels at the present 10.4 per cent.

In a mini-budget presented to the federal Parliament by the Treasurer, Mr Paul Keating, the Government abolished some significant tax concessions, including relief on home mortgages for all but the poorest, introduced punitive new measures on wealthy pensioners, and put in doubt a number of prestige capital projects.

Mr Keating said planned expenditure would include new programmes amounting to A\$557m (U.S.\$492m) in the financial year starting July 1 but that would be more than offset by savings and reduced tax concessions amounting to A\$885m. In the following year, the gross savings would be more than A\$2,000m.

The largest of the new schemes involves planned extra spending of

A\$300m on community work, designed to create 70,000 new jobs within six months.

The Government will increase housing starts from 116,000 this financial year to between 130,000 and 135,000 in the 1983-84 financial year. Direct Commonwealth funding of public housing will be increased to A\$500m from A\$333m.

Mr Keating added that the housing industry, including the unions, had indicated that that rate should be achievable without significant resource constraints and wage or other inflationary pressures.

In October the Government will introduce a means-tested scheme to assist those buying their first home. Grants of up to A\$7,000 will be available to a family with two or more children enabling lower-income earners to borrow more, but the previous Government's tax relief on mortgage interest over 10 per cent is being phased out.

On the revenue side, the Treasurer's biggest innovation is substan-

tial taxation on lump-sum superannuation payments.

At present those opting to take their superannuation as a capital sum have to pay tax on only 5 per cent of the lump sum. Now they will pay tax of at least 30 per cent on the whole lump sum.

Superannuation payments, however, will be exempt from tax if converted immediately into a continuing retirement income in the form of a pension for annuity, or rolled over into another superannuation fund.

This will lead to urgent and major changes in Australia's investment advisory industry, as will another of Mr Keating's measures announced yesterday - a means-testing of age and service pensions for the over-70s. This was abolished by the Whitlam Government a decade ago.

Mr Keating claimed his plan to tax lump-sum superannuation would save the Government A\$15m next year, increasing by about

A\$50m a year to a peak of about A\$420m.

Another tax deduction to be abolished is on contributions to private health funds.

The Treasurer announced changes in Federal Government funding of a number of important capital projects, which will almost certainly lead to their cancellation or postponement.

One of these is the Northern Territory's favourite scheme, a railway from Darwin to Alice Springs.

The previous Government's A\$70m scheme to build new dams on northern rivers has also been scrapped, and the proposed A\$70m upgrading of Brisbane Airport has been cut by A\$20m.

Tax on aviation spirit will be increased by two cents a litre, and telephone charges will rise but there are no changes yet in personal taxation, sales tax or duties on wine, spirits and tobacco.

Editorial comment, Page 18

Britain's national output up 3/4% in quarter

By Max Wilkinson, in London

NATIONAL OUTPUT in Britain grew faster in the first three months of this year than at any time since the spring of 1979, according to official figures released yesterday.

The improvement - of 3/4 per cent compared with output in the last three months of 1982 - mainly reflects increased industrial production.

The rise, equivalent to an annual growth rate of about 3 per cent, confirms the views of the Treasury and the Confederation of British Industry which suggest that recovery started a modest acceleration at the turn of the year.

Last year, output grew by 1 per cent and the Treasury is predicting a growth of 2 per cent this year, compared with 1982.

The growth of output in the first three months of the year is the fastest since the second quarter of 1979, when the economy bounced back after the so-called "winter of discontent".

However, the present growth rate is still modest by historic standards and official optimism was tempered yesterday by the fact that industrial output fell slightly in March after rising in the first two months of the year.

Total output in the three months January to March was 2.3 per cent below its level in 1979. However, the output of all sectors, excluding North Sea oil, was 4.2 per cent below its 1979 level.

Separate figures from the Department of Industry yesterday showed that total stocks fell by £36m (£23.1m) in the first three months of the year compared with a fall of £56m in the last three months of 1982 (all at 1975 prices).

A slower rate of destocking by manufacturers suggests that they will have met more orders from production, while an increase of £10.1m in retailers' stocks will have tended to increase orders to manufacturers by more than would be needed to balance shop sales.

A further set of figures yesterday showed that capital spending had made no contribution to the recovery so far this year. Total capital spending in the first quarter of the year fell by about 1/2 per cent compared with its level in the previous three months.

This reversed a modestly rising trend last year, which had been led by increased capital spending by the distributive and service industries.

Money supply and bank lending, Page 8

Exxon chief confident on price stability

Continued from Page 1

The perception of buyers and their short-term reactions would be an important factor deciding the fate of oil prices, he believed.

Egypt yesterday told customers that it was to put 25 cents on the price of two of its varieties of crude oil from the beginning of next month. The rates for its Suez blend (33 degrees API gravity) and Belayim blend (28 degrees API gravity) are going up to \$27.75 and \$28 per barrel respectively.

Traders saw this move as an attempt to boost short-term revenues, but they believed that it was based on an over-optimistic view of the market in present conditions.

Neither of the two main factors considered most likely to fray the peace at the edges is considered to be critically important. The first is the unknown quantity of Libyan crude, perhaps 200,000 barrels a day or more, which is hoarded, mainly for arms, with the Soviet Union and which subsequently sells outside the communist bloc.

Second, there are the suspicions that Iran is offering discounts, although so far there has been no proof.

France cuts trade deficit

Continued from Page 1

This year was the focal point of the austerity measures announced at the end of March. But with the first quarter's figures totalling more than half the intended goal the Government pushed back its objective of bringing down the deficit to FF45bn in the 12 months to May 1984.

The Prime Minister's reference yesterday to returning to a monthly level of FF2.2m is certainly optimistic for the squeezing of demand announced in March has an effect on the import bill.

THE LEX COLUMN

Shell collecting in North Sea

Yesterday's final money figures for banking April provided little clue to the underlying growth of the monetary aggregates. The unadjusted CGBR figure of £3.5bn is evidently freakish, but the extent to which it has a counterpart in the exceptionally low growth of sterling bank lending is uncertain.

On the basis of these numbers alone, however, there would be no clear-cut case for a re-elected Tory government to tighten up and risk a steep appreciation in sterling.

Daimler/BMW

The past year has cruelly exposed weaker members of Europe's indigenous motor industry. Volkswagen and the French companies posted gaping 1982 losses, while BMW's heavy weather on its march back to commercial viability. Nothing, however, seems to break the effortless stride of Daimler-Benz and BMW.

Yesterday both companies produced increases in earnings which would have been highly satisfactory even in a buoyant year for vehicle sales. Daimler's 1982 net profits were 11.5 per cent higher at DM 921m (£374m), while BMW managed an advance of no less than 30.9 per cent to DM 189m.

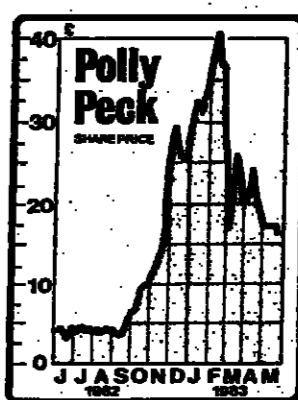
Daimler's tax bill of about DM 3.5bn suggests that under sterner accounting conventions reported profits might have worked out even higher.

Daimler and BMW are admittedly placed at the more sheltered upper end of the car market and have benefited from 1982 from a shift in the sales mix towards higher margin, expensive models. But, as Rolls-Royce Motors has shown, price is no guarantee of prosperity, and each of the German companies is illustrating graphically the virtuous circle through which heavy capital investment promotes the value added which funds product development.

Each company has a new range of smaller cars on the market and, having spent principally on plant modernisation rather than new capacity, their problem may now lie in meeting the demand, rather than selling the product.

Land Securities

Investors in property stocks invariably regard the revaluation as the most important figure in the annual statement. The increase in the underlying value of Land Securities



proved refining and marketing margins, as well as higher market share.

The impact on earnings of Shell's switch to its own production is clearly underlined by the 38 per cent increase in non-North American oil and gas profits to £449m. Excluding Shell Oil and Shell Canada, the group's oil sales actually fell by about 3 per cent, but its own crude production rose 118,000 barrels a day to 807,000 b/d, mainly due to the North Sea. The rise in North Sea gas output, with Continental European markets holding up well during the quarter also made a hefty contribution. Volumes rose 7 per cent.

The underlying figures, eliminating the stock losses which arose as Shell took advantage of the market to push down supply costs, show an even larger 57 per cent upward in profits to £719m. In the current quarter these influences are likely to swing the other way, but this would help reported profits, which now seem to be on a steadily rising curve.

The prospective yield of 6.8 per cent on last night's price of 51p - up 14p - suggests that the uncertainty about the oil market has, by no means evaporated.

Polly Peck

The skeletal profit statement for the half-year to March produced by Polly Peck yesterday would have been inadequate in any circumstances. In the light of the rapid expansion in profits and turnover, the speculation surrounding the shares, not to speak of the litigation in which the company is involved, it is disgraceful.

In terms of trading, shareholders are told that turnover has jumped 134 per cent to £18.2m and pre-tax profits by 164 per cent to £3.1m. There is no interest figure and no way of assessing how and from where the remarkable 44 per cent pre-tax margin is obtained.

Directors are obliged by the Stock Exchange to supply information which is necessary for a reasonable appreciation of the results of the period. While Polly Peck provides details of future projects, present operations rate a few bland lies. The instinctive reaction of a group in Polly Peck's position may be to batten down the hatches as tight as possible, but the company has clearly missed an opportunity to reduce the speculative atmosphere surrounding its shares, which closed 11 lower yesterday at 51p.

Europe and Canada in satellite venture

BY MICHAEL DONNE IN LONDON

EUROPEAN and Canadian companies, led by British Aerospace as the prime contractor, are to develop and market a new range of large communications satellites, called Olympus.

Other companies involved are Aeritalia and Selenia of Italy, Fokker of the Netherlands and Spar Aerospace of Canada.

The Olympus satellite is derived from work on the L-Sat (Large Satellite) communications satellite for direct broadcasting and other roles, being built for the European Space Agency for launch in 1986. L-Sat is being renamed Olympus-1.

The growth of specific direct broadcasting and general telecommunications activities during the rest of this century is expected to generate a demand for over 150 satellites of the Olympus type, representing a market at today's prices of about £8bn (£9.3bn). Each Olympus satellite would cost about £38.5m.

Marketing of the Olympus class of satellites is under way and the Olympus is already a candidate for use in Canada's M-Sat and Radar-Sat programmes.

Mr Peter Hickman, managing director of the Space and Communications Division of British Aerospace's Dynamics Group, said in London yesterday that the aim was to sell this class of satellite to worldwide markets.

● The European Space Agency's X-ray observatory satellite, Exosat, is due for launch by a U.S. Delta rocket from a range in Vandenberg, California on May 28.

The ESA's own rocket launcher, Ariane, to which several UK companies contribute, is now approaching its sixth flight, some time in June, from the French space base at Kourou, French Guiana. The precise launch date will be announced after a flight-readiness review set for May 31.

French metals sector rescue takes shape

BY PAUL BETTS IN NEW YORK

THE French Government is moving ahead with its plan to restructure the country's non-ferrous metal industry around two big groups, Pechiney-Ugine-Kuhlmann, the country's leading aluminium producer, and Cogema, the French nuclear fuels company.

Cogema is to take control of Imetal, the largest non-ferrous metals group in France. The financial trouble of Imetal is estimated at 50 per cent of the company's capital, the world's largest lead producer, Compagnie Française de Mokta, a uranium producer, and the U.S. Copperbelt company.

Imetal last year lost FF 640m (£88.5m) on sales of FF 11.8bn. The French Government has now asked Imetal's three biggest shareholders to work out a financial recovery plan for the non-ferrous metals group. The shareholders are the Erap energy state holding company with 29.9 per cent, Compagnie Fi-

nançière de Suez with 18.14 per cent and Cogema with 12.14 per cent.

Cogema is to lead the recovery and restructuring operation and is to become the leading shareholder in Imetal. Details of financing and of how the main shareholdings are to be reshuffled have yet to be worked out, although a new holding company, consisting of Cogema and Erap, is to be set up.

This company will control a little more than a third of Imetal's capital, with Cogema holding the bulk. At the same time, the other large restructuring operation in non-ferrous metals is going ahead around the PUK group.

PUK has recently shed its loss-making chemical operation. Most of them have gone to Elf-Aquitaine, with another large chunk being taken by the Rhône-Poulenc group. PUK disposed of its special steels business, which also lost money, last year.

Indonesia projects 're-phased'

Continued from Page 1

President Suharto said the measures were necessary "to ensure the safety of Indonesia's long-term development" at a time when the country was being badly hit by the world recession. Earlier this week, Mr Radjasa Prawito, the finance minister, announced that in the fiscal year ending this March, Indonesia had a record balance-of-payments deficit of \$8.8bn.

Without slowing down the government's massive industrial and infrastructural programme the deficit in 1983-84 would have been at least \$7bn, and the country's reserves would have all but disappeared, he said.

The all-encompassing instruction appears to be a clear signal to civil servants that, no matter how powerful they are or how much they stand to lose personally, the government will not make exceptions for pet projects. The announcement is also a strong signal to the foreign banking community that Indonesia intends to live within its means and avoid even the slightest risk of going the way of Brazil, Mexico or Argentina.

Foreign bankers say the country's planners now have the macro-economy well under control and they believe the new measures will help to push up Indonesia's credit rating, making it much easier for the Government to borrow the \$2bn or so it has planned for in 1983.

Pesenti group loan investigated

BY RUPERT CORNWELL IN ROME

WITH the Banco Ambrosiano affair still a far from distant memory, Milan magistrates are intensifying their scrutiny of a transaction involving another Italian financial group traditionally in the Roman Catholic orbit, and the IOR, the Vatican bank.

Their target this time is the Italcementi/Italmobiliare group of Sig. Carlo Pesenti, and a L50bn (£54m) loan, apparently from the Vatican bank, which was arranged in November 1972 and indexed to the Swiss franc.

The first news of the loan's existence only came in 1979, when Sig. Pesenti, chairman of Italmobiliare, announced to the company's shareholders "with satisfaction" that the financing had been repaid in advance of maturity.

In all, the loan cost Italmobiliare no less than L185bn (£126m). This

consisted of repayment of the L50bn principal, L35bn of interest, plus a further L110bn caused by the very sharp appreciation of the Swiss franc against the lira during the period.

The first serious complaints were voiced by an unusually determined shareholder of Italmobiliare, who instituted legal proceedings against Sig. Pesenti, alleging that the details of the loan had been improperly withheld from earlier financial statements published by the company.

Subsequent investigations by the Milan magistrates have done nothing to reduce this suspicion. Yesterday, they sent notification to 22 past and present directors of Italcementi - the company which then controlled Italmobiliare - that they were under investigation for possible irregularities in connection with the loan.

The question at the heart of the mystery is the origin of the L50bn lent by the IOR to Italmobiliare. One possibility is that the money actually did come from the Vatican bank, in which case it can only be applauded for having exeged a particularly advantageous arrangement.

However, the investigators suspect that the money may in fact have originated within the Pesenti group, and was merely passed on to another member of it. According to this theory, the Vatican acted as a passive intermediary, much as it did in many dealings conducted by Sig. Roberto Calvi and his now bankrupt Banco Ambrosiano. The magistrates are currently examining this possibility.

Socialist support waning in Italy, Page 3

Time to spin off forest products arm

BY PAUL TAYLOR IN NEW YORK

TIME, the U.S. diversified publishing, cable television and forest products group, said yesterday that it was considering plans to spin off its forest products operations as a separate company to its shareholders.

Time's forest-products operations include Temple-Eastex pulp, paper and building materials manufacturer and Inland Container, which is a major manufacturer of corrugated containers and containerboard.

Mr Richard Munro, Time's president and chief executive, said the reason behind the restructuring

proposal was management's belief that "the major parts of Time Inc can become stronger than the whole."

Last year the forest-products division, operating in a depressed market, accounted for \$1.15bn or 32 per cent of the group's total revenues of \$3.6bn. In the latest quarter, the forest-products division reported revenues of \$300.7m and contributed \$13m to Time's \$76.7m income from continuing operations before taxes.

Following the spin-off, Time's main lines of business would be publishing and video, which gen-

erated 84 per cent of the group's revenues last year. Among its major activities, Time publishes Time Magazine, Sports Illustrated, Fortune and Life, owns Book-Of-The-Month Club.

Mr Munro said yesterday that the division into two companies would be achieved by a pro-rata distribution of the shares in a new forest-products company to Time's existing shareholders.

In a weak market, Time Inc bucked the trend to close 5 1/4 up at \$87 having been up more than \$5 at one stage earlier in the day.

World Weather

Area	S	C	F	Area	S	C	F
Algeria	21	78	23	Madagascar	23	88	23
Algeria	21	78	23	Madagascar	23	88	23
Algeria	21	78	23	Madagascar	23	88	23
Algeria	21	78	23	Madagascar	23	88	23
Algeria	21	78	23	Madagascar	23	88	23
Algeria	21	78	23	Madagascar	23	88	23
Algeria	21	78	23	Madagascar	23	88	23
Algeria	21	78	23	Madagascar	23	88	23
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Area	S	C	F	Area	S	C	F
Algeria	21	78	23	Madagascar	23	88	23
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Shell group up 22%

BY RAY DAFTER IN LONDON

A MARKED increase in the Royal Dutch/Shell Group's oil and gas production helped to boost the company's net income to £508m (£790m) in the January-March quarter - a 22.7 per cent increase over the corresponding period last year. The profitability of refining and marketing operations also rose during the quarter.

Sir Peter Baxendale, senior group managing director, told shareholders some light was appearing on the economic horizon. "The underlying trend is generally more encouraging than we have seen for some time."

Sir Peter, who is also chairman of Shell Transport and Trading - the

group's UK arm - said at the annual meeting: "As 1983 goes on we begin to see rather more cause for optimism about economic prospects than might have been expected when the year began." There were positive signs of economic growth beginning to appear in the U.S. while in Europe commentators saw "encouraging pointers" for the UK and rising expectations for West Germany.

Although Japan's economy still seemed stagnant, the overall picture reflected better prospects for some form of international economic recovery than had been foreseen in the past two years.

Associated Japanese Bank (International) Limited
Extract from Audited Accounts

	28th Feb. 1983	28th Feb. 1982
Share Capital	8,000	8,000
Retained Profit	13,200	11,600
Subordinated Loans	9,035	8,063
(£ equivalent)	15,015	12,495
Deposits	537,462	507,225
Loans	407,404	369,590
Total Assets	588,819	558,823
Profit before Taxation	3,207	4,134
Profit after Taxation	2,573	2,228

The Sanwa Bank Limited, The Nomura Securities Co. Ltd., The Dai-ichi Kangyo Bank Limited, The Dai-ichi Kangyo Bank Limited.

An International Consortium Bank
(Shareholders' aggregate assets well exceeding U.S.\$235 billion)
Associated Japanese Bank (International) Limited
29-30 Cornhill, London EC3V 3QA
Tel: 01-623 5661. Telex: 883661

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INTERNATIONAL COMPANIES and FINANCE

Haw Par to sell subsidiary

SINGAPORE—Keppel Shipyard, the partly government-owned shipbuilding and repairing group, has entered a joint venture to acquire Malayan Motor and General Underwriters, an insurance unit belonging to Haw Par Brothers International.

Keppel will be joined in the purchase by the Post Office Savings Bank (POSB) and MBF Holdings.

The transaction would require approval of the Insurance Commissioner of Singapore.

Merchant bankers say that the insurance concern would first be acquired by a newly incorporated Malayan company in which MBF would acquire a 70 per cent stake.

In Singapore, it is expected that Keppel would hold a 40 per cent stake in the venture, POSB a 30 per cent share and MBF the remaining 30 per cent.

AP-DJ

Orient Finance increases operating profits by 38%

BY YOKO SHIBATA IN TOKYO

ORIENT FINANCE, Japan's second largest consumer finance company owned by Dai-ichi Kangyo Bank group, lifted operating profits by 37.6 per cent to ¥22,050m (\$94.6m) in the year ended March 31.

Net profits were 10.5 per cent higher at ¥3,010m, on sales of ¥118,210m, up 44.3 per cent compared with the previous year.

Per share profits were ¥35.56, against ¥26.64, as the company lifted the term-end dividend by ¥0.5 to pay ¥9.5 for the year.

Operating profits were boosted by higher revenue. But the company set aside ¥1.5m for credit guarantees for its subsidiary, Orient Finance Business.

In exchange the affiliate has bought 45.3m shares in Orient Finance so lending support to the parent's stock, which came under heavy selling pressure earlier this year.

The selling pressure, particularly by foreign investors was caused by rumours of poor results immediately after the company announced the public subscription of 22m shares to increase its capital. This resulted in a ¥1.3m loss.

At the end of March, Orient Finance set aside the interest paid to it during the year by Orient Finance Business plus the sales losses on the 13m Orient Finance shares sold by the subsidiary up to the end of March.

New business contracts in the year jumped by 50.4 per cent to ¥968.8m, with personal loans climbing by 72.8 per cent to account for 12 per cent of the total contracts. Consumer credits, accounting for 52.5 per cent of the total, were up 54 per cent.

In the current fiscal year, the

company expects total business contracts to increase by 33.3 per cent to ¥1,950m. Particularly higher growth (80 per cent) is expected in loan guarantees—where the company extends guarantees for loans provided by insurance companies. Personal loan contracts are expected to rise by 46 per cent and the company hopes to increase its credit card holders by 1m to a total of 3m.

However, higher depreciation burden incurred from heavy capital spending on on-line computer networks linking all of the company's 165 outlets is likely to restrict earnings growth.

Full-year operating profits are forecast at ¥24.5m, up 11.1 per cent, with the dividend rising to ¥10 per share.

Strong advance at Kyocera

By Our Tokyo Staff

KYOCERA, the leading supplier of ceramic components to the electronics industry, which is to absorb Yashica, the camera maker, in October, posted strong earnings in the year ended March 31.

Kyocera, formerly Kyoto Ceramics, lifted unconsolidated operating profits by 29 per cent to ¥34,690m (\$148.9m). Net profits were 26.6 per cent ahead at ¥17,120m, up 30.8 per cent compared with the previous year.

The share profits advanced to ¥186.05 from ¥177.97. The term-end dividend has been raised by ¥3 to pay ¥38 for the year.

Sales of IC packages, the main line of business representing 48 per cent of total turnover, remained relatively dull, up 25 per cent compared with a 50-70 per cent per year growth in past years. The recession which has hit U.S. semiconductor makers since last July, affected IC package sales.

Sales of electronics components rose by 26 per cent to account for 17 per cent of total sales, thanks to the marked increase in sales of thermal printer heads. The company's new business, electronic equipment, had sales of ¥12,750m to account for 8.6 per cent of the total.

Sales of industrial ceramics rose by 25.2 per cent to account for 9.4 per cent. However, sales of ceramics for the electronics industry fell by 2.4 per cent to account for 5.4 per cent.

Kyocera's full-year sales are expected to increase by 35 per cent to ¥1,080m. Operating profits are forecast at ¥41.3m, up 19.1 per cent, and net profits at ¥19.7m, up 15.1 per cent.

Meanwhile, Yashica showed a 92 per cent plunge in unconsolidated operating profits to ¥22m (\$94,000) in the year to March.

Net profits fell by 62.6 per cent to ¥2.91m, up 5.6 per cent compared with the previous year. Per share profits were ¥3.13, against ¥8.35.

Two major Indian tyre groups show sharp gains

BY R. C. MURTHY IN BOMBAY

MODI RUBBER, the leading Indian tyre producer following its take-over of Firestone assets in the country, has reported an 11.4 per cent increase in sales to Rs2,240m (\$224m) in the year to October 1982. Gross profits jumped by 22 per cent to Rs150.5m. The increases in sales and profits came despite a recession in the tyre industry and intense competition among manufacturers.

With tax rebates for investment and a high depreciation allowance for the tyre industry, which is classified by the

Government as a core sector activity, net profits were 25.94 per cent higher at Rs73.5m. The dividend is 20 per cent.

The company has obtained Government permission to expand its production capacity to some 2m tyres for four-wheeled vehicles and for establishing new capacity for 400,000 two-wheeled vehicle tyres.

The company won export orders worth Rs55m in 1981-82 from the U.K., U.S., and the Middle East, compared with Rs16.7m in the previous year.

Profits of Dunlop India almost

trebled to Rs108.7m (\$10.8m) in 1982 on a 15 per cent increase in sales to Rs 3.41m from Rs 2.85m.

The upturn in tyre production that started in the second half of 1981 was sustained in the first half of 1982. But a recession in the road transport sector hit sales in the second half.

The dividend was raised from 15 to 20 per cent.

Exports rose by 18 per cent to Rs 88m in 1982 and the company successfully floated a Rs 120m convertible debenture issue late last year.

This advertisement complies with the requirements of the Council of The Stock Exchange.

U.S. \$100,000,000

B.B.L. International N.V.

(Incorporated with limited liability in The Netherlands and having its statutory seat in Amsterdam)

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as to payment of principal and interest by

BBL

Banque Bruxelles Lambert S.A./
Bank Brussel Lambert N.V.
(Incorporated with limited liability in Belgium)

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Algemene Bank Nederland N.V.

Bank of America International

Banque Bruxelles Lambert S.A./Bank Brussel Lambert N.V.

Banque Nationale de Paris

Barclays Merchant Bank

Chase Manhattan

Citicorp International Bank

Crédit Commercial de France

Crédit Lyonnais

Deutsche Bank

Dresdner Bank

Goldman Sachs International Corp.

Hambros Bank

Merrill Lynch International & Co.

Morgan Guaranty Ltd

Morgan Stanley International

Orion Royal Bank Limited

Salomon Brothers International

Société Générale

Sumitomo Finance International

Swiss Bank Corporation International

Union Bank of Switzerland (Securities)

S. G. Warburg & Co. Ltd.

Westdeutsche Landesbank Girozentrale

Wood Gundy Limited

The Notes constituting the above issue have been admitted to the Official List by the Council of The Stock Exchange subject only to the issue of the temporary Global Note.

Interest is payable semi-annually in June and December, the first payment being made in December 1983.

Full particulars of the Notes are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 3rd June, 1983 from the brokers to the issue:

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25, Finsbury Circus,
London EC2M 7EE
20th May, 1983

HOARE GOVETT LIMITED

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are growing in Tokyo

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the
TOKYO REPRESENTATIVE OFFICE
will move to

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Chiyoda-ku, Tokyo 100
Tel: 246-2901 Telex: J32459 HOARE Fax: 246-1833

CHARLES EDMOND Tokyo Representative
NICHOLAS GREGORY Assistant Tokyo Representative

Offices also in: New York, Hong Kong and Singapore.

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Ente Finanziario Interbancario S.p.A.

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Sezione Speciale per il Credito Industriale
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US\$28,346,952
Medium Term Financing

Banca Nazionale del Lavoro of Canada
-BNL Group

Bankers Trust Company
Canadian Imperial Bank Group
Continental Illinois Capital Markets Group

Agent
Continental Illinois National Bank
and Trust Company of Chicago

This announcement appears as a matter of record only 17 May 1983

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(BELGIUM) N.V.

International Group of Marine Surveyors, Adjusters,
Selling and Recovery Agents and Container Inspectors

LOYD'S AGENTS SINCE 1919

We wish to draw general attention to the fact that rumours which recently circulated in the insurance market to the effect that Gellatly Hankey Marine Services (Belgium) N.V., at Antwerp, would be ceasing their activities as Average Agents representing foreign Insurance Companies are completely false and entirely without foundation.

The confusion arose as a result of a large number of Insurance Companies represented by Gellatly Hankey Marine Services (Belgium) N.V. having been given erroneous information resulting from the misinterpretation of a message emanating from an Antwerp Company of Insurance Brokers.

Gellatly Hankey Marine Services (Belgium) N.V., Antwerp, and the whole Group of Gellatly Hankey Marine Services International Ltd., London, continue to offer their services in the field of surveys, settlement of claims, recovery actions, etc.

GELLATLY HANKEY MARINE SERVICES
(BELGIUM) N.V.
Rubensstraat, Nationalestraat 5 (bus 26)
B-2000 ANTWERP
Tel: (03) 231.48.46 — Telex: 72338 Gelhan B
Antwerp, May, 1983

U.S.\$15,000,000
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(Incorporated with limited liability in Japan)
GUARANTEED FLOATING RATE NOTES DUE 1987

FIWCC

unconditionally and irrevocably guaranteed as to payment of principal and interest by
THE MITSUBISHI BANK, LIMITED
(Incorporated with limited liability in Japan)

In accordance with the provisions of the Notes and Agent Bank Agreement between The Fujikura Cable Works, Ltd., The Mitsui Bank, Limited and Citibank, N.A., dated May 7, 1980, notice is hereby given that the Rate of Interest has been fixed at 9 1/2 p.a. and that the interest payable on the relevant Interest Payment Date, November 21, 1983, for the period May 20, 1983 to November 20, 1983, against Coupon No. 7 in respect of US\$5,000 nominal amount of the Notes will be US\$239.58.

May 20, 1983, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

FIRST CHICAGO OVERSEAS
FINANCE N.V.

U.S.\$100,000,000 Guaranteed
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Due 1994

For the three months
18th May 1983 to 18th August 1983
The notes will carry an interest rate of 9 1/4% per annum
with a coupon amount of U.S.\$256.38. The relevant
interest payment date will be 18th August 1983.

Listed on the London Stock Exchange
Bankers Trust Company
Agent Bank

UK COMPANY NEWS

Polly Peck surges ahead midway to £8m



Mr Asil Nadir, chairman of Polly Peck (Holdings)

INTERIM results for Polly Peck (Holdings) for the period from August 29 1982 to March 4 1983 show pre-tax profits of £8.07m, an advance of 164 per cent on the figure of £3.06m from September 1 1981 to the end of February 1982. Turnover was more than doubled at £18.16m compared with £7.75m.

The net interim dividend of this maker of ladies clothing and corrugated cartons and boxes has been raised from 6.3p to 9p—in the previous full year a final of 9p was also paid. For the interim period earnings per 5p share were shown as climbing from 40p to 102p.

Restro investment intends to waive the ordinary dividend on 1.94m shares.

Tax amounted to £613,000 (£117,000, restated to take account of tax concessions in Northern Cyprus).

The directors say they are confident of the potential of the group's existing activities and its new projects, and consider that it is making good progress

towards becoming a more widely based group operating in a large range of markets. They look forward to a satisfactory outcome to the trading year.

In February, following a number of Press statements the market in the company's shares became so unsettled that the company and its advisers decided to defer temporarily the proposed merger between the company, Wearwell and Cornwell Holdings. The directors say it remains their firm intention to proceed with that merger as soon as conditions are favourable.

Detailed final agreements have now been signed with Thorn EMI Ferguson providing for the establishment, with the assistance of Thorn EMI, of plants in Turkey at which colour television and video recorders will be assembled for sale in Turkey and other Middle Eastern markets.

It is anticipated that video recorder assembly will start in the next three months and tele-

vision production will be in progress by late autumn. Substantial advance orders have already been secured.

Terms of an agreement with Thorn EMI, which will grant the rights to duplicate Thorn EMI videotapes for rental or sale in Turkey are also being finalised.

Good progress is being made with the Niksar mineral water project, which is being undertaken jointly with Cornwell Holdings. The plant will begin full commercial production by October this year.

The agricultural and packaging divisions performed well in the first half and are continuing to perform satisfactorily in the second half. The group's position in its established markets in the Middle East and Europe has been improving through the year.

The group has also increased the range of fruit and vegetables which it markets. Construction of a second corrugated box factory and a third packing

station in Northern Cyprus continues satisfactorily and the directors anticipate that both will be operational before the end of 1983. Planning for a corrugated box plant and two packing houses to be built in Turkey is at an advanced stage.

The group is continuing to look for new trading opportunities in the Middle East. A number of general trading transactions are being negotiated. The group is also researching the potential of the pharmaceutical industry, particularly in the Middle East and in certain developing countries.

Negotiations for the acquisition, for less than £600,000 cash, of a pharmaceutical manufacturing plant which is close to Middle Eastern markets are near conclusion and it is hoped to complete this acquisition within the next month.

Mr R. J. Strong has been appointed as a non-executive director from yesterday.

See Lex

DRG worldwide sales advance

WORLDWIDE SALES of DRG for the first quarter of the current year advanced in real terms against the comparable figure for 1982. Mr J. S. Camm, chairman, told shareholders at the annual meeting. This improvement plus gains from re-organisation, were reflected in the company's trading performance.

He said that while the directors were looking for the improvement in profitability to continue during the second quarter it would be unwise, in view of the many uncertainties, to attempt to forecast further ahead. Nevertheless, they saw

1983 as a year for consolidation and making some progress towards achieving an acceptable return on investment.

At other AGMs chairmen told shareholders:

Britannia Arrow Holdings: The Rt Hon G. Rippon, chairman, said 1983 looked like being even better than 1982. The sale of units to date were at record levels and the unrealised profit on the group's own investment portfolio more than doubled to £10m since the year end.

In the market capitalisation of Britannia Arrow was now £90m compared with £50m at

December 31 1982.

Delta Group: Mr Geoffrey Wilson, chairman, said demand for the company's electrical and plumbing products had maintained the improved levels of the end of last year while metals were slightly busier in some parts, though remained slack in others.

The severe pressure on margins in some areas was slowing some signs of easing, although conditions remained very competitive.

BICC: Lord Penstock, chairman, said some of the company's manufacturing businesses both in the UK and overseas were beginning to show an improved level of orders but it was too early to say whether this was indicative of a general and sustained upturn.

Price levels continued to be depressed and even if the improvement in order intake was sustained, the group's performance for the first half of 1983 would fall well short of 1982. The outcome for the full year depended not only on management action but also on the extent to which economic growth returned to its markets.

Reckitt and Coleman: Sir James Clemenson, chairman, said that there were no areas causing him concern and that 1983 had made a satisfactory start. Sales and profit before tax for the first three months had provided increases consistent with the company's plan and progress continued to be made at home and overseas.

Morrison Supermarkets: Mr K. D. Morrison, chairman, said that first quarter sales had shown an increase of some 17 per cent which reflected a small amount of increased volume and a healthy contribution from new stores.

Sales, on a week-by-week basis, were now running at a rate of plus 12 per cent as the Staveley store had completed a very successful first year.

Planet Group: Mr Peter Lane, chairman, said the group had made a very firm start to 1983. With an excellent performance in the U.S. to date, the present indications were that the group would have a very successful first six months in 1983. Aided by the actions taken in the UK he hoped the group as a whole would perform satisfactorily in 1983.

Johnson Group Cleaners: Mr J. L. Crookall, chairman, stated that the defence against threatened takeover bids had occupied 10 months of group's senior executives' time and the uncertainty had put a brake on the company's U.S. development.

On current trading in 1983, the year had begun satisfactorily, and results so far were ahead of last year.

55 companies wound up

COMPULSORY WINDING UP orders against 55 companies were made by Mr Justice Harman in the High Court. They were:

Tanucks, Castle Block, The Fortable Theatre Touring Company, Kraken Air, A. M. F. Ashby Metal Fabrications, A.F.D.G. (Catering), The Millbrook Press, Polystore.

Bon Chef Frozen Foods, T.W.T. Catering, Tydactol Finance, The Dover Football Club, Sevenoaks Electrical, Production Engineering And Machine Tools, Proofstore, Daynila.

Balengold, T. Gallagher and Son (Civil Engineering Contractors), Regency Garages (Rainham), Stoke Construction Co., Quasar Electronics, Copperfield (Haulage), South Wales Plastics.

Onboard Cargo Services (Heathrow), Barking Warehouse, Advisory Services, Kairdale, Leemax Enterprises, Draftline, Intergold Jewellers, Arthur Kneller Transportation, Grovercraft, D.P.R. Construction, Mellowlake, Waste Watchers, Western Lubricants (1986).

Adamgrove Securities, WXYZ Records, Gatherfield Enterprises, Blakston Refrigeration Equipment, Reefnill, Stanmore Video Services.

Golimanda Properties, Scan-western Houses, North Lane Construction, Barham, Admin-said Management Services, Contract Advertising, Videovan, Upper Beeding (Garages), P. and P. Jewellers, Stanlake Passenger Transport Company, Firdrive, The Technology and Innovation Exchange, Fromeat (International) Co.

A compulsory winding up order made on May 9 against Dominus was rescinded and the petition dismissed by consent.

Cape Industries

Cape Industries AGM was told that so far in the current year profits overall were "higher and rather better than expectations".

NEW CAPITAL · NEW VENTURES · NEW ENTERPRISE

Newmarket (Venture Capital) Limited, a member of the Newmarket Group, provides venture and development capital for new business ventures in the United Kingdom.

The Newmarket Group is exclusively dedicated to the investment of venture capital internationally and total assets have increased to U.S. \$100 million over the past ten years.



New Cambridge Research, another member of the Newmarket Group, supports research into new ideas in science or engineering in the United Kingdom, which have potential commercial application. It also offers an annual competition for prizes to graduates and undergraduates at British Universities to encourage new ideas based on scientific developments which might have commercial promise.

The shares of Newmarket Company (1981) Limited are listed on the London Stock Exchange.

Copies of the 1982 annual report, now available, include descriptions of the Group's activities and investments. Please telephone or write to John Allan, C. N. Services Limited, 57 London Wall, London EC2M 5TP. Telephone: 01-638 4551 or write to The Secretary, Thirty Cedar Avenue, Hamilton-5, Bermuda.

NEWMARKET COMPANY (1981) LIMITED



C.E. Heath

Public Limited Company

PRELIMINARY RESULTS for the year to 31 March 1983 (on the historical cost basis)

	1982/83 £'000	1981/82 £'000
Profits from:		
Broking Operations	10,816	10,434
Underwriting Operations	7,568	5,432
Other	1,151	1,161
Operating Profit	19,535	17,027
Taxation	(8,113)	(6,607)
Minority Interests	(20)	(11)
Net Profit before Extraordinary Item	11,402	10,409
Extraordinary Item	—	644
Net Profit available for Appropriation	11,402	11,053
Earnings Per Share	36.7p	33.6p

Associated company profits which arise from the Group's minority interests in insurance broking companies have been included in the figure for profits from broking operations, instead of under other income as in previous years. The relevant amount for 1982/83 was £849,000 (1981/82 £567,000). The comparable figures for 1981/82 have accordingly been adjusted to reflect this change.

A final dividend of 9.75p per share has been recommended, equivalent to 13.9285p gross per share. The total gross distribution for the year is 21.0714p per share (1981/82 — 18.7143p per share).

The Report and Accounts will be available on 14th June 1983 and the Annual General Meeting will be held on Wednesday 6th July 1983.

F. R. D. HOLLAND, Chairman

C.E. Heath Public Limited Company
Cuthbert Heath House, 150 Minories, London EC3N 1NR
Telephone 01-498 2488

INTERNATIONAL INSURANCE BROKERS
REINSURANCE BROKERS AND
UNDERWRITING AGENTS

19th May 1983

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10%

per annum

Lombard North Central PLC,
17 Bruton St, London W1A 3DH.
For details phone 01-409 3434

LADBROKE INDEX
691-696 (+4)
based on FT Index
Tel: 01-493 5361

Humphreys & Glasgow Limited

has been acquired by

ENSERCH International Investments Limited

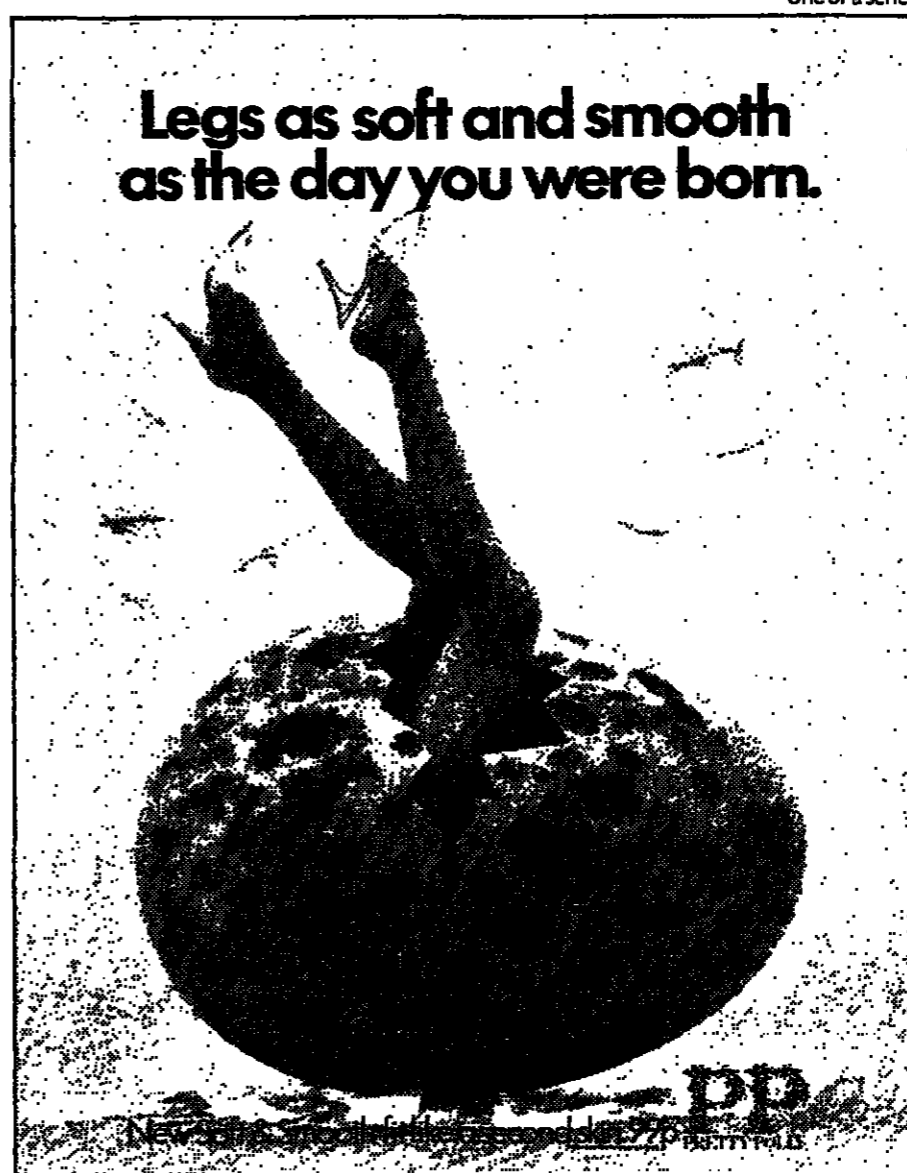
a subsidiary of

ENSERCH Corporation

Kleinwort Benson Limited

initiated this transaction and acted as financial adviser to the shareholders of Humphreys & Glasgow Limited

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Legs as soft and smooth as the day you were born.

Pretty Polly is the leading producer of ladies' hosiery in the UK and Ireland.

Thomas Tilling

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Builders' Merchants, Construction Materials and Services, Electronic Equipment and Supplies, Energy Equipment, Health Care, Electrical Equipment Distribution, Insurance, Manufacturing Engineering, Furniture, Publishing, Textiles, Tiles and Pottery, Japan Trading.

UK COMPANY NEWS

HIGHLIGHTS

Lex today examines the latest banking figures to mid-April and considers first-quarter figures from Royal Dutch/Shell, where net income was up 2.7 per cent. The column goes on to look at the Stock Market phenomenon Polly Peck where mid-year profits jumped from \$3m to \$28m. Also discussed are the full-time results from Land Securities, whose profits rose \$11m to \$78m, and from the German car manufacturers BMW and Daimler-Benz.

Exchange rates lift Stenhouse at midway

FAVOURABLE movements in exchange rates formed the major part of the increase from \$2.65m to \$2.95m in insurance broking profits at Stenhouse Holdings in the six months to March 31 1983. This is the company's share of Reed Stenhouse Companies.

Pre-tax profits improved from \$2.69m to \$3.42m, from turnover up from \$80.99m to \$75.3m. Lloyd's underwriting agencies contributed \$866,000 (\$88,000) to group profits, and the associated company, Noble Grossart, saw its share increase from \$122,000 to \$145,000. The profits of Lloyd's underwriting agencies contributed \$82,000 (\$85,000) and goodwill amortisation of \$171,000 (\$178,000).

First half tax was higher at \$1.93m (\$1.85m), leaving net profits of \$1.5m (\$1.45m). Stated earnings per 25p share rose from 3.51p to 3.94p.

Reed Stenhouse insurance broking companies had net commission and fees of \$89.55m (\$85.19m), and with interest and dividends received \$4.72m (\$5.08m), revenue was \$94.27m against \$89.27m. Operating expenses were considerably higher at \$66.71m compared with \$63.46m, and interest paid was \$2.01m (\$1.61m). After associates' profits of \$541,000 (\$520,000) and minority debits of \$516,000 (\$588,000), pre-tax profits were \$5.88m (\$4.9m), of which \$2.95m, as stated, was attributable to Stenhouse Holdings.

On April 28 1983 Reed Stenhouse Companies issued 1.1m shares through a private placing.

comment

Stenhouse Holdings has produced a dull profits record for the last four years. The market had hoped that 1983 would mark an upturn in the insurance brokers' fortunes, encouraged by the chairman's statement in February that profits from its 49 per cent Canadian subsidiary Reed Stenhouse should be maintained in the year to September at over \$15m. Yesterday the interim figures revealed a 14.3 per cent improvement in the pre-tax profits of Stenhouse with the company that it had had to mark down its anticipated profit contribution from Reed Stenhouse. It blames lower interest rates and a flat market, made worse by the poor performance of Canada's energy sector. The new knocked 2p off the share price to 118p and profit forecasts have been marked downwards by some \$1m to around \$9m for the year, compared with a profit of \$9.56m last year. Stenhouse has made some gains in efficiency through the reorganisation of its U.S. general brokerage business following the acquisition by Reed Stenhouse last year of Schiff Turbine International. It has managed to contain its bad debt provisions and has a 57.4 per cent increase in the second half, (though it is unlikely to be maintained next year). Stenhouse needs a significant increase in premium rates around the world before it is going to rise off its profit plateau.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total last year
Construction Hldgs. Int.	5.95	Aug 4	5.95	13.3
C. E. Heath	9.75	—	9.5	14.75
Higgins Brewery Int.	0.4	—	0.4	3.3
Land Securities	6.25	July 15	5.65	9.25
London Atlantic Trust	3.5	July 11	3.25	5.25
London Trust	2.5	July 7	2.5	3.75
N. Atlantic Secs. Int.	1	June 27	1	3.15
Polly Peck Int.	1	—	0.4	1.4
Redman Heenan	Nil	Oct 24	6.3	15.3
Ropner	2.75	June 30	2.67	4.5
Selincourt	Nil	—	Nil	0.01
Whitbread Invest.	3.59	July 29	3.2	5.35

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Includes special payment of 0.35p.

Royal Dutch/Shell £94m ahead in first quarter



Sir Peter Baxendell, senior managing director of the Royal Dutch/Shell Group

FIRST QUARTER net income of the Royal Dutch/Shell Group rose by £94m to £508m compared with the same quarter last year. When calculated on a current cost of supplies basis (FIFO) the figure came through at £719m, an increase of £260m over the corresponding quarter.

The directors say the result, covering the three months to end March is considered satisfactory in the current circumstances, notwithstanding the fact that group sterling net income benefited from the weakening of the pound against most major currencies.

Sales proceeds and other operating revenues rose from £19.7m to £14.9m. These were subject to sales taxes, Excise duties and similar levies totalling £2.09m, compared with £1.79m. A share of earnings of associates added £248m against £250m previously, but interest and other income fell by £3m to £121m.

Group earnings from operations amounted to £289m, compared with £266m. A breakdown of these shows: oil and gas exploration and production excluding Shell Oil and Shell Canada \$445m (£326m) — Shell Oil and Shell Canada added £224m (£206m); manufacture, marine and marketing, excluding Shell Oil and Shell Canada £24m (£5m) — Shell Oil and Shell Canada incurred a loss of £25m (£20m profit). Total oil and gas earnings including Shell Oil and Shell Canada were £672m (£597m).

Chemicals, including Shell Oil and Shell Canada, produced profits of £8m (£3 loss) — Shell Oil and Shell Canada made profits of £12m (£9m); other industry segments incurred a loss of £31m (£26m profit). All comparisons have been restated.

Most Shell companies use the FIFO method of inventory accounting. In recent years there have been marked movements in crude oil prices which have made comparisons between periods difficult to convey a better indication of the underlying business performance is achieved if the cost of sales of the volumes sold in the period

is based solely on the average cost of supplies incurred in the same period, and allowance is made for the estimated tax effects.

On this basis, estimated earnings would be oil and gas segment £586m (£509m) and chemicals segment £15m (loss £1m).

During the first quarter oil demand fell compared with the first quarter last year, due in part to milder weather.

Capital expenditure and exploration expense at £1.02bn was some 5 per cent below the level of the corresponding period last year and was financed from funds generated within the business.

Sir Peter Baxendell, senior managing director of the group, said that as 1983 goes on, the group begins to see rather more cause for optimism about economic prospects than might have been expected when the year began.

On prospects for oil demand he said: "We can only specu-

late on the potential for demand revival if economic prospects do begin to improve. At present it seems probable that 1983 oil demand will be around 1m barrels daily lower than 1982, although we are forecasting a slight upward trend towards the end of year, continuing into 1984."

Net earnings of Shell Australia fell by 5 per cent to A\$39.75m in the year ended December 31 1982. Sales, however, expanded by 14 per cent to A\$2.96bn.

The directors say that although the decline compares well with the more serious downturn for other multinational oil groups in Australia it came after a 40 per cent fall the previous year.

They point out that the result was heavily affected by the group's massive investment programmes in coal, oil, gas and alumina which caused interest charges to rise sharply from \$82m to \$141m.

See Lex

LOWER pre-tax profits have been produced by Ropner from \$5.06m to \$5.47m for the period to the end of December 1982, compared with the year to March 31 1982. Turnover rose from \$28.91m to \$30.88m.

The directors point out that, following the change of financial year from March 31 to December 31, only nine months' results have been consolidated for the parent and shipping companies. They say that had the previous year's figures been consolidated on the same basis the profit before tax would have been approximately \$5.15m.

A breakdown of pre-tax profits shows: shipping \$607,000 (\$568,000); engineering \$3.85m (\$3.68m); insurance broking \$287,000 (\$207,000); property development \$1.39m (\$530,000). The net final dividend has been lifted from 2.687p to 2.75p which raises the total from an adjusted 4.383p to 4.5p, after allowing for a one-for-two scrip last year. Earnings per 25p share were shown as falling from 13.7p to 10.5p.

Pre-tax profits included investment income of \$1.55m against \$1.88m and amounts written off investments this time of \$274,000. Interest rose sharply from \$288,000 to \$1.65m.

The amount to \$2.58m (\$2.57m), which left net profits of \$2.88m (\$2.18m) from which minorities took \$214,000 (\$149,000). There was an extraordinary credit of \$207,000 (\$259,000), being the net surplus on the sale of a ship.

At the interim stage pre-tax profits rose from \$2.47m to \$3.54m and the directors pointed out that profits for the period to December 31 1982 would be lower because the first six months included an exceptional credit.

Ropner falls to £5.47m as interest costs rise

Ropner's fleet is one ship larger than a year ago, but interest in the shares should centre on the engineering division. In particular, Airtech — which is in the field of military communications — probably contributed about \$2.5m to pre-tax profits. In the wake of the acquisition of Associated Sprayers Ropner's cash of \$5m is outweighed by borrowings of about \$15m. But courtesy of the Board of Trade, many of these loans are at very low rates. Property profits of almost \$1.4m reflect a large number of completions, and it is improbable that a similar level of profitability could be attained this year. The increase in the dividend is simply a topping up exercise, and is not intended to imply any bullish sentiments about current trading. At 128p a share, unchanged on the day, the yield is 5.1 per cent.

Alpinegrove
An order made on May 9 for the compulsory winding-up of Alpinegrove has been rescinded in the High Court and the petition against the company dismissed.

Selincourt rises and expects further gradual advance

FOLLOWING A modest improvement in profits at the midway stage Selincourt, textile and garment manufacturer, finished the full year to January 31 1983 with figures of \$407,000 at the pre-tax level, compared with \$375,000 the previous year.

Although trading conditions in the textile and clothing sectors continue to show no improvement Sir David Nicholson, the chairman, reveals that the decline in profits has been arrested, and that there are indications that the maintained level of capital investment and the measures taken to strengthen management, marketing and design input are beginning to have a beneficial effect on key aspects of group performance.

Sir David says that although he is mindful of the need to restore dividends at the earliest opportunity, he does not feel the level of profits justifies payment

of a final dividend — the group paid a nominal interim of 0.01p and below the line there were minority interests of £15,000 (£8,000) and extraordinary debits of \$72,000 (\$507,000) being charges for redundancy and reorganisation, less tax.

At the attributable level the group finished \$398,000 deeper in the red at \$1.3m, compared with 0.37p for the previous year.

Commenting on the results, Sir David says: "The group has been well up on those of last year and in the case of the UK companies were doubled. The full benefits of the improving trends were masked at group level by lower property disposal gains."

He adds that during the latter part of the year it became evident that the pace of improvement in certain areas was un-

satisfactory, and as a result action was taken in the interests of the longer-term reconstruction of the group which adversely affected operating profits and extraordinary charges.

Allowing for current cost adjustments, there was a deficit of \$268,000 pre-tax, compared with \$734,000.

comment
Selincourt has modernised many of its production lines and introduced more dynamic management, but is still waiting for the upturn in consumer spending to make a measurable impact on textiles and clothing sales. Although turnover has increased 13 per cent, margins are still under pressure in a slack market. The Scottish knitwear, pile fabric, merchant converting and German divisions produced a combined loss of

£1.1m. The rewards of reorganisation were most apparent at E & A Richards, whose profits more than doubled at \$160,000 following the amalgamation of its activities under one roof. The Marks & Spencer suppliers showed a solid advance and the company plans to increase its M & S links. Debt remains a problem. Although it has been reduced from 80 per cent to 75 per cent of shareholders' funds, the scope for a further decrease is limited by the substantial chunk of capital investment on new plant still to come. The loss-makers are responding to cost cutting and should break even in the current year, pointing to a pre-tax profit outcome of around \$1m — far short of the \$4.5m in 1978/79. The shares were 131p, capitalising the company at \$5.86m.

comment
Ropner's fleet is one ship larger than a year ago, but interest in the shares should centre on the engineering division. In particular, Airtech — which is in the field of military communications — probably contributed about \$2.5m to pre-tax profits. In the wake of the acquisition of Associated Sprayers Ropner's cash of \$5m is outweighed by borrowings of about \$15m. But courtesy of the Board of Trade, many of these loans are at very low rates. Property profits of almost \$1.4m reflect a large number of completions, and it is improbable that a similar level of profitability could be attained this year. The increase in the dividend is simply a topping up exercise, and is not intended to imply any bullish sentiments about current trading. At 128p a share, unchanged on the day, the yield is 5.1 per cent.

Slight decline at Construction Holdings

A fall of \$4,830 to \$96,622 in pre-tax profits is reported by Construction Holdings, investment trust, for the six months to March 31 1983. The interim dividend is unchanged at 5.95p — last year's total was 13.3p net from pre-tax profits of \$209,877 compared with \$192,968.

Net asset value per 20p share after interim dividend was 280p (241p as at September 30 1982). Franked dividends in the first half totalled \$31,487 (\$30,440) and other dividends and interest amounted to \$6,533 (\$7,549). Deposit interest was down from \$21,364 to \$15,622, and underwriting commission this time \$825. Rents fell from \$1,835 to \$874.

Heavier loss but Redman Heenan optimistic

PROBLEMS experienced last year have continued into the current year at Redman Heenan International and higher pre-tax losses, incurred in the six months to March 31 1983. Turnover of this manufacturer of engineering products was up from \$14.41m to \$15.57m.

At the year-end, the directors said the group was going through a major re-structuring at a time of difficult trading conditions. Changes of that magnitude were not only costly, but also took a time to absorb. They warned that a loss would be incurred in the opening half, but that plans indicated a return to profitability in the second six months.

Year-end losses were up from £2.08m to £2.17m. Trading losses in continuing

businesses — £1.53m — reflected problems carried over from the previous year, together with the disruptive effect of the re-organisation which combined to produce an unsatisfactory level of output.

They say that good progress has been made in overcoming these difficulties, and the company entered the second half in much better shape.

The board has looked carefully into its plans, and its view is that the company will make a profit in the second half. Order intake is improving and, while it would be premature to talk of a significant upturn, the company's marketing efforts and a level of inquiries make it feel more optimistic than it was six months ago. It remains confident about the viability of the

core business.

The company has discussed its plans and prospects with its bankers, who have been both "understanding and supportive". They have made available the facilities sufficient to enable the company to carry out its plans in pursuit of the group strategy of concentrating on core businesses in the high technology test and control engineering fields.

comment
Redman Heenan has all but completed disposing of companies not involved in test and control engineering and is prepared to stick its neck out and forecast a return to profitability in the second half. There is a certain amount of built up momentum on the production side resulting

from the disruption caused by the merger of Froude Engineering with Cosine Dynamics and 350 redundancies, which leaves a labour force of 1,100. Order books are up 33 per cent to £16m and Redman expects sales to accelerate further in the second half in line with traditional patterns. The sale of "non-core" companies will have little impact on gearing, now running at more than 100 per cent of shareholders' funds, because most of the proceeds have gone on redundancy payments and other reorganisation costs. However, the group does aim to draw on its substantial bank of investment property when prices improve. At yesterday's share price, 25p unchanged, Redman is capitalised at \$4.6m.

Land Securities

Abridged summary of Results for the Year ended 31st March 1983 (Subject to Audit)

	Increase	31.3.83	31.3.82
	%	£'000	£'000
Total Income	10.5	130,630	118,155
Net Rents and Interest Receivable	11.9	99,235	88,713
Net Income before Taxation	16.0	78,184	67,397
Taxation	22.0	32,578	26,709
Earnings after Taxation available for Distribution	12.0	45,606	40,688
Dividends per share paid (3.0p) and proposed (6.25p)	10.1	9.25p	8.40p
Earnings per share	11.4	13.25p	11.89p
Dividend cover — times		1.43	1.41

The Knight Frank & Rutley valuation of the portfolio as at 31st March 1983 totalled £2,027,705,000 which exceeded the valuation at the previous year end by £180,000,000, an increase of 9.7%. During the period additions to properties amounted to £64,390,000, incurred on improving interests and in development and refurbishment works. Taking these additions into account and the book value of properties sold, the surplus on revaluation was £121,381,000, an increase of 6.4%.

The valuation has been included in the Accounts at 31st March 1983, and without adjusting for any taxation payable in the event of the properties being sold, the consolidated net assets of the Group at that date amounted to £1,729,710,000 on which basis, the fully diluted net asset value per share was 487p.

Development and refurbishment work completed by or in hand at 31st March 1983 involves approximately 900,000 sq. ft. net of office space in the City, West End and Victoria. The work in hand should all be completed by December 1984 apart from 50,950 sq. ft. due to be completed in the following June. 94% of the space is in freehold buildings and 90% is to be air conditioned.

As a consequence of sales during the year or agreed subsequently, sufficient finance will be available to fund existing capital expenditure commitments.

It is intended in November of this year to propose a capitalisation issue in the proportion of 2 shares for each 5 shares held. Such an issue would not of itself imply an increase in the total distribution for the current year.

The full Report of the Directors and Accounts for the year will be despatched to Shareholders in early June. Non-Shareholders who would like a copy are requested to write to The Secretary:

LAND SECURITIES PLC
Devonshire House, Piccadilly, London W1X 6BT

Brixton Estate

International investors in commercial property

I believe that longer-term prospects for property as a whole, and Brixton Estate in particular, are encouraging. There is considerable scope for reversionary rental growth once the market improves and a combination of business recovery and low interest rates could provide the opportunity for soundly based property investment... We believe the time is now right to start actively seeking further opportunities for future growth.

Extract from the Chairman's Statement

HIGHLIGHTS OF 1982

- Pre-tax profits increased by 15% to £7,076,000. Net rental income amounted to £13,642,000. An increase of 14% in the total dividend for the year is proposed.
- A valuation of Group properties produced a surplus over book values of £1,136,000. Investment properties now in excess of £200,000,000.
- In the UK a 45,000 square feet warehouse on the Woodside Estate, Dunstable, let and, since the year end, a further 23,000 square feet unit pre-let. Maylands Wood Estate at Hemel Hempstead making good progress. London office developments letting well.
- In Germany, despite a weak market, over 90,000 square feet warehouse space let. In Belgium the programme of developing smaller units continues and a further eight warehouses let.

- The Freeway Park Estate in Melbourne, Australia sold and another warehouse development in Melbourne now fully let.
- Good progress made in land sales and warehouse development in Houston, Texas.

The Annual General Meeting of the Company will be held in London on 22nd June, 1983.

If you would like a copy of the Annual Report and Accounts 1982, complete this coupon and send it to The Secretary, Brixton Estate plc, 22-24 Ely Place, London EC1N 6TG.

Name _____

Address _____

MINING NEWS

Noranda heading out of the red

BY KENNETH MARSTON, MINING EDITOR

CANADA'S major natural resources group, Noranda Mines, is aiming at "a small profit for 1983 in copper, aluminium and zinc prices rise, which we think will happen." This was said by Mr Alfred Powis, the chairman, in remarks made after a meeting with securities analysts in Montreal.

He estimated that copper prices — currently just over 80 cents per pound — will reach 90 to 95 cents by the end of this year while aluminium would go to about 86 cents from around 74 cents at present.

Noranda's capital spending this year is expected to fall to about C\$300m (£157m) from C\$370m in 1982, depending on the spending schedule for development of the Golden Giant gold mine in the Hemlo area of Ontario where the company is linked in a joint venture with Golden Sceptre Resources and Gollath Gold Mines.

After suffering a net loss of C\$2.8m for the first quarter of this year of C\$7.8m. However, this was after including extraordinary gains of C\$2.4m; without these the loss would have been over C\$2.8m.

Mr Powis hopes that the loss for the current quarter will be less than C\$2.8m. His hope of a small overall profit for the full year thus indicates a good turnaround in the second half. But there is clearly a long haul

facing the company before it can get back to the boom-level earnings of C\$405.2m attained in 1980.

Meanwhile, Noranda is pressing on with its work on the Golden Giant prospect at Hemlo where under the deal with Golden Sceptre and Gollath, Noranda has the option to acquire a 50 per cent stake in the property by completing a feasibility study and bringing a gold mine to production before the end of 1984.

That study should be ready within two weeks and, said Mr Powis, adding, "we are 100 per cent certain of going ahead."

That does not surprise anybody, bearing in mind the fact that indicated ore reserves so far amount to 18m tons grading a good average 0.3 ozs (9.3 grammes) per ton gold.

It is shaping up to become the first producing gold mine in the exciting Hemlo camp with a projected full milling rate of 3,500 tons a day by 1987 (of this 500 tons would be handled on behalf of the proposed adjacent mine of Peak and International Corona Resources).

All this would cost some C\$250m and make Golden Giant the biggest gold producer in Canada.

There is, however, a snag. It is the continuing dispute with Lac Minerals over the ownership of the mining claims covering

Mangula back in profit

THINGS have brightened for the struggling MTD (Mangula) copper producer in Zimbabwe, a subsidiary of South Africa's Messina (Transvaal). For the first half of the current financial year to September 30 Mangula has made a profit of Z\$1.7m (£1.13m) against a loss of Z\$1.12m in the same period of the previous year.

Furthermore, the directors say that providing metal prices hold at their current levels there will be a further improvement in earnings during the current half.

International round-up

Sabina Industries, which last week reported high gold values from its Red Lake prospect in Ontario, announces that Brunswick Mining and Smelting has exercised an option to take a 70 per cent interest in Sabina's Nine Mile Brook lead-zinc-silver property in New Brunswick. Because of the cost of meeting its 30 per cent share of the Nine Mile Brook ongoing exploration programme, Sabina has settled instead for a net 13 1/2 per cent carried interest royalty.

The 600,000-tonne a year Cook Colliery in Queensland, which Broken Hill Proprietary had planned to close, has been reprieved by the Australian Government's decision to allow two South Korean companies to take an equity stake in the operation.

The companies, Pohang Iron and Steel Corporation and Saangyoung Corporation, intend to take the full present capacity of the mine for at least the next five years, and to expand production to 800,000 tonnes a year in order to supply other markets.

With a 100 per cent share, an Australian group, will take up 60 per cent of the remaining equity in the colliery.

A placement of 2.12m shares at 25 cents (14.2p) has been made by Australian natural

Gecamines pays less to Zaire

HIT BY the depressed markets for metals Zaire's state-controlled Gecamines has reduced its payments to the state treasury by 68.3 per cent from February to March, according to the state news agency. The Gecamines operations produce copper, cobalt, zinc, silver, gold and cadmium.

Under normal conditions Gecamines provides some 60 per cent of government revenues. News of the fall in payments comes while a team from the International Monetary Fund is in the midst of two weeks of talks in Kinshasa on the country's economy.

The IMF suspended a \$1.2bn (£770m) three-year recovery plan at the end of 1981 after Zaire failed to hold to IMF conditions on foreign debt repayments and on curbing money supply. At the end of last year the country's foreign debt stood at \$5.2bn.

BANK RETURN

Wednesday May 18 1983 Increase (+) or Decrease (-) for week

BANKING DEPARTMENT

Liabilities	£	£
Capital	34,555,000	+
Public Deposits	40,555,561	+
Bankers Deposits	562,468,234	+
Reserve and other Accounts	9,080,787,656	+
	8,639,501,421	-
	4,397,969	

Assets	£	£
Government Securities	407,878,980	-
Advances & other Accounts	1,364,333,014	+
Premises Equipment & other Sock	556,515,598	+
Notes	8,324,242	+
Coin	161,598	+
	8,639,501,421	-
	4,397,969	

ISSUE DEPARTMENT

Liabilities	£	£
Notes issued	11,150,000,000	+
In Circulation	11,141,875,857	+
In Banking Department	8,639,501,421	+
	11,150,000,000	+
	10,000,000	

Granville & Co. Limited

(formerly M. J. H. Nightingale & Co. Limited)

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

Over-the-Counter Market

1982-83	Company	Price Change	Gross Yield	P/E	Fully
142 120	Ass. Brit. Ind. Ord.	134	6.4	4.8	7.8
158 117	Ass. Brit. Ind. CULS.	152	+1	10.0	6.6
74 57	Alparung Group	64	5.1	9.5	18.3
46 28	Armstrong & Rhodes	28	4.3	15.4	3.1
345 197	Bardon Hill	345	11.4	3.3	14.5
150 100	CCI 11pe Conv. Pref.	149	16.7	10.5	—
270 210	Cindico Group	210	17.8	8.4	—
88 46	Deborah Services	46	6.0	13.0	3.0
575 77	Frank Hovell	77	8.7	9.2	10.5
83 61	Frederick Parker	62	7.1	11.5	3.9
35 34	George Blair	34	7.5	5.0	4.6
100 74	Ind. Precision Castings	74	7.3	9.8	8.7
176 100	Isis Conv. Pref.	175	15.7	9.0	—
168 84	Jackson Group	169	7.5	5.0	4.6
225 111	James Burrough	223	8.8	4.3	18.3
260 148	Robert Jenkins	143	+1	20.0	12.1
83 54	Scrutton "A"	67	5.7	8.5	8.7
167 112	Torday & Cavill	114	+2	11.4	10.0
29 21	Unilock Holdings	20	0.46	1.8	—
65 84	Walter Alexander	66	+1	6.4	9.4
270 214	W. S. Yates	265	17.1	8.5	4.1

Prices now available on Prostat pages 48146.

Tempo Instruments & Controls Corp.

has been acquired through merger by a wholly-owned U.S. subsidiary of

Bowthorpe Holdings PLC

We initiated this transaction, assisted in the negotiations and acted as financial advisor to Tempo Instruments & Controls Corp.

Merrill Lynch White Weld Capital Markets Group

Merrill Lynch, Pierce, Fenner & Smith Incorporated

May 12, 1983

This advertisement complies with the requirements of the Council of The Stock Exchange.

U.S. \$50,000,000

GW Overseas Finance N.V.

(Incorporated with limited liability in the Netherlands Antilles)

7 1/2% Convertible Subordinated Debentures Due 1998

Convertible into Common Stock of and guaranteed on a subordinated basis as to payment of principal, premium, if any, and interest by

GW

Great Western Financial Corporation
(Incorporated in Delaware)

The following have agreed to subscribe or procure subscribers for the Debentures:

Credit Suisse First Boston Limited

Banque Paribas

Blyth Eastman Paine Webber International Limited

Kleinwort, Benson Limited

Lehman Brothers Kuhn Loeb International, Inc.

Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

Berliner Handels- und Frankfurter Bank

Crédit Lyonnais

Creditanstalt-Bankverein

Dresdner Bank Aktiengesellschaft

The Debentures, issued at 100 per cent, have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Debenture. Interest is payable annually in arrears on 1st June, the first payment being made on 1st June, 1984. The Debentures are convertible into shares of Common Stock of Great Western Financial Corporation at a conversion price of U.S. \$33 per share.

Full particulars of the Debentures are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 6th June, 1983 from the brokers to the issue:

Rowe & Pitman,
City-Gate House,
39-45 Finsbury Square,
London EC2A 1JA
20th May, 1983

New Issue
May 20, 1983

All these bonds having been sold, this announcement appears as a matter of record only.

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KREDITBANK INTERNATIONAL GROUP	MERRILL LYNCH INTERNATIONAL & CO.	NOMURA INTERNATIONAL LIMITED	
ORION ROYAL BANK Limited	SWISS BANK CORPORATION INTERNATIONAL LIMITED	BANCO URQUIJO HISPANO AMERICANO Limited	

Abu Dhabi Investment Company	Copenhagen Handelsbank A/S	Lehman Brothers Kuhn Loeb International, Inc.
Alhail Bank of Kuwait (K.S.C.)	Creditanstalt-Bankverein	Lloyds Bank International Limited
Algemeine Bank Nederland N.V.	Credit Industriel et Commercial	Lyons International Limited
Al-Mal Group	Crédit Lyonnais	Managers Bank International Limited
Amro International Limited	Crédit du Nord	McLeod Young Weir International Limited
Arab Banking Corporation (ABC) Incorporated	Credit Suisse First Boston Limited	Merck, Finck & Co.
Bache Halsey Stuart Shields Incorporated	Daiwa Europe Limited	B. Metzger & Co. Sohn & Co.
Bank of America International Limited	Deutsche Bank Aktiengesellschaft	Rothschild Bank (Europe) S.A.
Bank of Brazil S.A.	Deutsche Girozentrale	Samuel Montagu & Co. Limited
Bank of China S.A.	Deutsche Kreditbank Aktiengesellschaft	Morgan Grenfell & Co. Limited
Bank of India S.A.	Deutsche Kreditbank Aktiengesellschaft	Morgan Guaranty Ltd
Bank of Japan S.A.	Deutsche Kreditbank Aktiengesellschaft	Morgan Stanley International
Bank of Korea S.A.	Deutsche Kreditbank Aktiengesellschaft	The Nippon Credit Co., (Europe) Ltd.
Bank of London S.A.	Deutsche Kreditbank Aktiengesellschaft	Nippon Credit International (P.K.) Ltd.
Bank of Mexico S.A.	Deutsche Kreditbank Aktiengesellschaft	Norddeutsche Landesbank Girozentrale
Bank of New York S.A.	Deutsche Kreditbank Aktiengesellschaft	Oesterreichische Landesbank
Bank of Paris S.A.	Deutsche Kreditbank Aktiengesellschaft	Sal. Oppenheim & Co.
Bank of Portugal S.A.	Deutsche Kreditbank Aktiengesellschaft	Person, Hering & Pierson N.V.
Bank of Spain S.A.	Deutsche Kreditbank Aktiengesellschaft	PK Christiania Bank (UK) Limited
Bank of Sweden S.A.	Deutsche Kreditbank Aktiengesellschaft	Privatbanken A/S
Bank of Switzerland S.A.	Deutsche Kreditbank Aktiengesellschaft	M.M. Rothschild & Sons Limited
Bank of the Netherlands S.A.	Deutsche Kreditbank Aktiengesellschaft	Salomon Brothers International
Bank of the United Kingdom S.A.	Deutsche Kreditbank Aktiengesellschaft	J. Henry Schroder Wegg & Co. Limited
Bank of the United States S.A.	Deutsche Kreditbank Aktiengesellschaft	Schroder, Münchmeyer, Hengst & Co.
Bank of the United States S.A.	Deutsche Kreditbank Aktiengesellschaft	Smith Barney, Harris Upham & Co. Incorporated
Bank of the United States S.A.	Deutsche Kreditbank Aktiengesellschaft	Société Générale
Bank of the United States S.A.	Deutsche Kreditbank Aktiengesellschaft	Société Générale de Banque S.A.
Bank of the United States S.A.	Deutsche Kreditbank Aktiengesellschaft	Sumitomo Finance International
Bank of the United States S.A.	Deutsche Kreditbank Aktiengesellschaft	Svenska Handelsbanken Group
Bank of the United States S.A.	Deutsche Kreditbank Aktiengesellschaft	Swedbank
Bank of the United States S.A.	Deutsche Kreditbank Aktiengesellschaft	Trustbank & Bankhardt
Bank of the United States S.A.	Deutsche Kreditbank Aktiengesellschaft	Union Bank of Switzerland (Securities) Limited
Bank of the United States S.A.	Deutsche Kreditbank Aktiengesellschaft	Veritas & Bank Aktiengesellschaft
Bank of the United States S.A.	Deutsche Kreditbank Aktiengesellschaft	M.M. Warburg-Rothemann, Wirtz & Co.
Bank of the United States S.A.	Deutsche Kreditbank Aktiengesellschaft	S.G. Warburg & Co. Ltd.
Bank of the United States S.A.	Deutsche Kreditbank Aktiengesellschaft	Westfalia Bank Aktiengesellschaft
Bank of the United States S.A.	Deutsche Kreditbank Aktiengesellschaft	WestLB Asia Limited
Bank of the United States S.A.	Deutsche Kreditbank Aktiengesellschaft	Wood Gundy Limited
Bank of the United States S.A.	Deutsche Kreditbank Aktiengesellschaft	Yamichi International (Europe) Limited



ROYAL DUTCH PETROLEUM COMPANY

(N.V. Koninklijke Nederlandse Petroleum Maatschappij)
Established at The Hague, The Netherlands
FINAL DIVIDEND 1982

The General Meeting of Shareholders of Royal Dutch Petroleum Company held on 15th May 1983 has decided to declare the final dividend for 1982 at N.F. 4.65 on each of the 263,037,044 ordinary shares with a par value of N.F. 10 outstanding at December 31, 1982, so that the total dividend for 1982, including the interim dividend of N.F. 3.20 already made payable in September 1982, will amount to N.F. 7.85 on each of the said shares.

In the case of holders of bearer certificates with coupons this final dividend will be payable against surrender of a coupon No. 173 on or after 31st May 1983 at the offices of N.M. Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU on business days between the hours of 9.30 a.m. and 2 p.m.

Payment will be made in sterling at the buying rate of exchange current in Amsterdam at 2 p.m. on 24th May 1983 in the case of coupons presented on or before that date, or on the day of presentation in the case of coupons presented subsequently. Coupons must be accompanied by a presentation form, copies of which can be obtained from N.M. Rothschild & Sons Limited, and the face of each coupon must bear the stamp or other indication showing the name of the presenter.

Coupons must be left for an appropriate period for examination.

Shareholders may request payment of the dividend in a different currency. Information in this respect will be supplied by the paying agent upon request.

Netherlands dividend tax at the reduced rate of 15 per cent will be deducted from the gross dividend where:

(a) United Kingdom income tax has also been deducted;

(b) Coupons are presented on behalf of residents of the United States of America, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Ireland, Japan, Luxembourg, Netherlands Antilles, New Zealand, Norway, South Africa, Spain, Sweden or West Germany, provided they lodge the appropriate declaration form.

Netherlands dividend tax at the reduced rate of 20 per cent will be deducted from the gross dividend where coupons are presented on behalf of residents of Indonesia or Surinam, provided they lodge the appropriate declaration form.

In all other cases Netherlands dividend tax of 25 per cent is to be deducted.

In the case of shares whose dividend sheets were, at the close of business on 19th May 1983, in custody of a Depository admitted by Centrum voor Fondsenadministratie B.V., Amsterdam, this final dividend will be paid to such Depository on 31st May 1983. Such payment will be made through the medium of N.M. Rothschild & Sons Limited, after receipt by them of a duly completed CF Dividend Claim Form.

Where appropriate, the usual affidavit certifying non-residence in the United Kingdom will also be required if payment is to be made without deduction of United Kingdom income tax.

Where under the double tax agreement between the United Kingdom and the Netherlands, 15 per cent Netherlands dividend tax has been withheld, the 15 per cent Netherlands tax is allowable for a resident of the United Kingdom as a credit against the United Kingdom income tax payable in respect of the dividend. The deduction of United Kingdom income tax at the reduced rate of 15 per cent instead of at the Basic Rate of 30 per cent represents a provisional allowance of credit at the rate of 15 per cent.

20th May, 1983 ROYAL DUTCH PETROLEUM COMPANY

Paul W. Speicher Jr.

MEPC plc regrets to announce the sudden death of Paul W. Speicher, Jr., president of MEPC American Properties Inc., on Wednesday, 18th May, in a boating accident near Dallas.

Paul Speicher has been president of MEPC American for three years. He impressed all who knew him with his intellect, common sense, integrity and delightful personality.

He will be sadly missed among his friends in the U.K. as well as in America.

CORPORATE FINANCE

A Financial Times Survey to be published on July 6th 1983

For further details and advertisement rates please contact:

Guy Mainwaring-Burton
Tel: 01-248 8000 Ext 3606

Hepworth Ceramic bid waits for probe

Hepworth Ceramic Holdings, the clay pipe manufacturer, has decided to sit through a detailed investigation in pursuit of Steeley, the facing brick, minerals and refractories group.

The Commission has been given the usual six months to report after the reference by the Office of Fair Trading last week. Hepworth, which accordingly lapsed its £115m equity offer for Steeley, has made it clear that it foresees substantial rationalisation of the merged group's refractory activities but also counted on "greatly improved prospects" from a merger of the complementary building products interests.

That view remains as strong as ever so Hepworth "has decided to co-operate fully with the Commission in the hope that it will be able to complete its investigation within a shorter period of time."

The Hepworth board, headed by Mr Peter Goodall, said yesterday that it "will consider its position in relation to any renewed offer for Steeley in the light of the Commission's findings."

DOMINION INTNL

In payment of the deferred consideration on the acquisition of Southwest Consolidated Resources for approximately £1.1m, Dominion International Group has issued 620,000 ordinary shares of 20p each, ranking pari passu with the existing ordinary shares, in full and final settlement.

ANGLOVAAL GROUP

DECLARATION OF PREFERENCE DIVIDENDS

DIVIDENDS HAVE BEEN DECLARED payable to holders of preference shares registered in the books of the undermentioned companies at the close of business on 3 June 1983. The dividends are declared in the currency of the Republic of South Africa. Payments from London will be made in United Kingdom currency and the date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 13 June 1983, or such other date as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered office or office of the London Secretaries of the Companies. Warrants in payment of the dividends will be posted on or about 30 June 1983. The transfer books and registers of members of the companies will be closed from 4 June to 10 June 1983, both days inclusive. All companies mentioned are incorporated in the Republic of South Africa.

Name of company	Class of share	Dividend declared	No.	Amount share cents
Anglovaal Limited	5% Cumulative redeemable preference	90	5	
Anglovaal Limited	5% Cumulative redeemable preference	71	5	
Middle Westphalia (Western Areas) Limited	8% Cumulative redeemable preference	22	4	

By order of the boards
Anglovaal Limited
Secretaries
per: E. G. D. Gordon
Registered Office:
Anglovaal House
56 Main Street
Johannesburg 2001
London Secretaries:
Anglo-Transvaal Trustees Limited
295 Regent Street
London W1R 8ST
19 May 1983

Hestair mounts offer for Duple

BY DAVID DODWELL

Hestair, the industrial group which makes fire-fighting equipment, road sweepers, rubbish carts, and trucks and bus chassis, yesterday mounted an all-equity bid for Duple International, which manufactures bus and coach bodies as well as having plastics and engineering interest. The bid values Duple at about £4.3m.

The bid was triggered when Hestair bought from Grovehead, a company wholly owned by the Eagle Star group, shares representing 22.3 per cent of Duple's issued share capital.

With a 7.6 per cent stake purchased early in May, Hestair's stake following the latest acquisition leapt to 29.9 per cent.

Hestair is offering eight of its own ordinary shares for every 13 of the Duple shares it does not already own. Hestair's shares fell 1p on the news to end the day at 68p. At this level, the bid values Duple at £4.3m or almost 42p per share. Duple's shares slipped 1p in the market to close at 41p.

Mr David Hargreaves, chairman of Hestair, said yesterday that there were considerable commercial advantages in the deal, since Hestair has trading links through its largest subsidiary, chassis maker Hestair Dennis, with Duple's subsidiaries Duple Coachbuilders and Duple (Motors).

Mr Hargreaves said that in a fast evolving market it was important for chassis makers to own or have strong links with bus and coach body makers.

Hestair ranks third in the UK behind Leyland and Metro

BIDS AND DEALS

Pritchard buys German factory cleaner

CLEANING TO security concerns, Pritchard Services Group has purchased a 75 per cent interest in Ball Maschinenreinigung GmbH of West Germany for DM 2.65m (£700,000).

Ball, which is based at Offenbach, near Frankfurt, and has additional branches at Stuttgart, West Berlin, Hanover and India, specialises in contract factory cleaning with an emphasis on equipment maintenance. This makes it unique in Pritchard Group. It undertakes routine maintenance of all types of factory machinery, operating mainly at weekends to ensure that the equipment is ready for another week's uninterrupted work.

Pritchard says this makes the company an ideal complement to its existing West German operation—Proper Service GmbH—which specialises in traditional building and office cleaning work, and has branches at Düsseldorf, Dortmund, Bonn and Essen.

Created 15 years ago by Herr Norbert Ball and Herr Werner Haus—who retains a 25 per cent stake in the company—Ball expanded its customer base in factory maintenance and now has many West German and multi-national companies as clients.

A. GUINNESS U.S. DISPOSAL

Arthur Guinness and Sons has agreed in principle to sell Glencoe Infant Items to Hasbro Industries of the U.S. for \$13.25m (\$2m cash and the balance in shares).

Hasbro will issue about 250,000 of its own shares as half the consideration with the balance in cash.

The transaction is subject to a definitive agreement, approval of the Hasbro and Guinness directors, satisfaction of any required governmental approvals and certain other conditions.

Glencoe Infant Items produces baby and infant accessories. It had sales of \$12.8m and net sales of \$925,000 in the year ended June 30, 1982. For the current year the company is expected to earn \$1.25m on sales of \$12m.

LDH PURCHASE

LDH Group has purchased GMB Total Communications from Mr A. Barry and members of his family.

GMB's activities comprise the marketing and subsequent maintenance of electronic communications systems. The initial consideration is \$40,000 cash plus 290,490 new ordinary shares which will be received by the vendors.

A further consideration of up to a maximum of \$90,000 will be payable, based on pre-tax profits in excess of \$40,000, \$75,000 and \$85,000 in 1983-84, 1984-85 and 1985-86 respectively. Such further consideration may be met by the issue of further shares, at the vendors' option.

HAY AND ROBERTSON

Mr Jack Gardner and Mr Leonard Lazarus have acquired from THOMAS HENNESSEY 562,500 and 187,500 ordinary shares respectively in Hay and Robertson, comprising the entire issued capital of the company.

Unilever

Unilever intends in the near future to establish contractual arrangements between NV and PLC under which each company agrees on request to guarantee the borrowings of the other, or of the other's subsidiaries, where their parent itself guarantees them.

These arrangements would be applied as matter of Unilever's financial policy to certain significant borrowings of each parent and its subsidiaries but would not be invoked in relation to trade indebtedness or overdrafts which arise in the ordinary course of business.

The purpose of the arrangements is to enable lenders to Unilever to be able to rely on the group's combined financial strength.

Dr J. M. Goudswaard, a director of NV and PLC, and a vice-chairman of NV, has retired.

Higsons Brewery

Despite a rise in turnover from £13.8m to £18.6m, brewery, bottled and bottled, Higsons Brewery slipped from taxable profits of £428,000 to £418,000 in the first half to April 1, 1983.

The interim dividend is being maintained at 0.4p net—last year a total of 3.9p was paid from taxable profits of £1.35m. Earnings per 25p share for the six months are given as 4.24p (4.46p).

The company's barterage rose by 1 per cent, compared with a national decline of 1 per cent. Trade in the current half, so far, has been disappointing. Trading profits rose from £389,000 to £423,000 and there was a surplus on asset disposals of £38,000 (£55,000). Interest payable less investment income rose to £72,000 (£18,000).

Murray Electronics

The application list in respect of the Murray Electronics offer for sale closed at 12.30 pm yesterday. The offer for sale has been subscribed as to approximately 27m shares and underwriters will be called upon to take up the balance of approximately 3m shares.

Applicants will be allocated in full the number of shares applied for, whether the applications were on preferential or on other application forms. Exchange has admitted all the ordinary shares issued and now being issued, to the Official List.

Utd Newspapers drops Benn bid

BY CHARLES SATCHLOR

United Newspapers, publishers of Punch and the Yorkshire Post, has withdrawn from the bid battle for business magazines group Benn Investments in the face of the latest £15.8m offer from Extel.

United said it was confident that it could improve Benn's profit margin but it had concluded that if it increased its offer the acquisition of Benn could not improve United's earnings per share.

Benn's shares eased 3p yesterday to 227p while United rose 13p to 255p. Extel was 1p lower at 307p.

Extel has offered 74 of its own shares for every 100 Benn, valuing each Benn share at 228p at the time of the offer. There is a cash alternative worth 207p.

United began the bidding for Benn on April 15 with an £11m offer but on May 6 Extel announced it had put in a £12.5m offer. United countered with a second offer worth just over £14m for the ordinary capital on May 13.

Baring Brothers, the merchant bank advising Extel, bought a further 157,500 Benn shares on Wednesday at between 225p and 226p. Together with the 4,000 shares already held by Extel and irrevocable undertakings from the holders of 1.2m shares Extel controls a 22.04 per cent stake in Benn.

SHARE STAKES

Padang Senang Rubber—Wan Hui Investments SDN has acquired 50,000 stock units increasing their holding to 666,500 (13.46 per cent).

Killinghall (Bakker) Development—Harrisons and Crossfield disposed of 66,267 ordinary and Harroco Investment Trust acquired 66,267 shares from its parent company, H and C.

The Malaysia Rubber Co—Harrisons and Crossfield disposed of 56,777 shares and Harroco Investment Trust acquired 56,777 shares from its parent company, H and C.

Castlefield (Klang) Rubber Estate—Harrisons and Crossfield disposed of 638,107 shares and Harroco Investment Trust acquired 638,107 shares from its parent company, H and C.

The Kuala Selangor Rubber—Harrisons and Crossfield disposed of 233,173 shares and Harroco Investment Trust acquired 233,173 shares from its parent company, H and C.

Hongkong (Selangor) Rubber—Harrisons and Crossfield disposed of 76,200 shares and Harroco Investment Trust purchased 76,200 shares from its parent company, H and C.

Campani, E. Cusi, a director, sold 119,252 shares. Lee Cooper—M. Cooper disposed of 50,000 ordinary.

Lee Refrigeration—The Purley Trust sold 50,000 ordinary.

Akroyd and Smithers—B. K. Peppitt, a director, sold 6,000 ordinary and 10,000 non-voting shares. T. F. Nixon, director, sold 50,000 ordinary.

Charles Baynes—Charlton Seal Dimmock and Co, brokers, on behalf of Charles Baynes have, on behalf of the directors and their families, sold 43,540 shares. Mr R. D. Collingwood 66,045, M. M. Collingwood-Gittings 19,558, D. M. D. Collingwood-Gittings 22,119, Mrs C. D. Collingwood 182,758, Mrs S. Collingwood 6,000, Mrs P. M. Collingwood 10,000 and E. Hacking 68,520.

Imperial Group—J. M. Pickard purchased 25,000 ordinary for the St Paul's Finance and Investment Company and 25,000 for Michael Pickard.

J. Heston and Son—Government of Kuwait has an interest in 2,239,500 ordinary.

Gold and Base Metals Mines—Juster sold 30,000 ordinary.

Nash Industries—Thornington Trust acquired 300,000 ordinary.

W. G. Allen and Sons (Tipton)—Modelhurst acquired 67,500 ordinary.

I. J. Dewhurst

Holdings p.l.c.
Clothing Manufacturers

Highlights from the Statement by the Chairman, ALISTAIR J. DEWHIRST

Profits

* Group pre-tax profit £2,926,041 — up 16.2%.

Sales

* Sales of £27,399,183 — up 18.2%.

Dividend

* Total Ordinary dividend for the year of 1.27p per share — representing an increase of 16.8%.

Script Issue

* Proposed 1 for 4 script issue.

Employee Share Schemes

* Staff reaction to employee share schemes exceeded expectations.

Production and Expansion

* Workforce's acceptance of modernisation vital to competitiveness.

* Policy of investment in modern machinery and design continues.

* New acquisition, Castlecrafts Ltd, expected to operate profitably in current year.

Future

* Policy of controlled expansion within the limits of financial resources.

* Sales in first three months of current year appreciably ahead of last year.

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ijd

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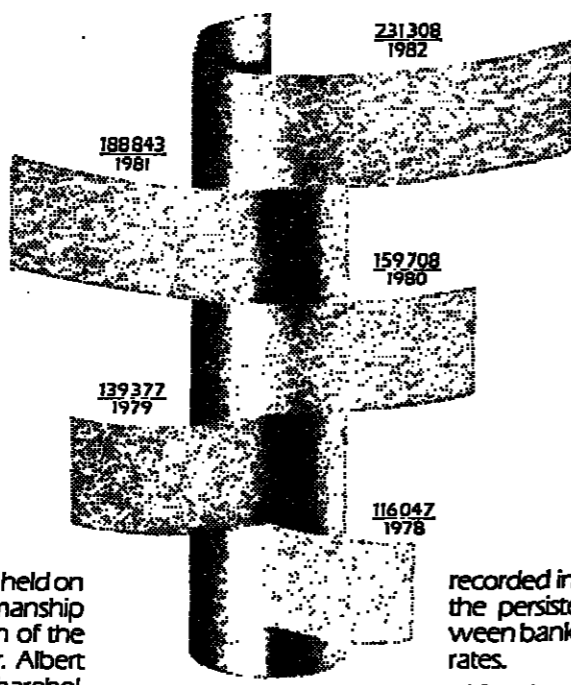
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BFCF

1982 results



At their Annual General Meeting held on 27th April 1983 under the chairmanship of Mr. Michel Freyche, Chairman of the Bank, who was assisted by Mr. Albert Bouvier, General Manager, the shareholders of the BFCF received the report of the Board of Directors and those of the Auditors and then approved the balance sheet and accounts as at 31st December 1982 and the distribution of the profits for the year.

• The balance-sheet total for France and foreign branches rose from F188.8 to 231.3 billion, thus recording an increase of 22.5% over 1981.

— Interbank lending and advances to customers totalled F 67.5 billion; approximately half of the substantial increase of F 16.3 billion in this item occurred in foreign currency operations transacted in France or by foreign branches.

— Short, medium and long-term export finance requiring BFCF intervention came to F 144.8 billion, an increase of 18.2%.

• The gross profit from banking operations totalled F 1,559 million; the increase of 17% was less than that

recorded in 1981, primarily on account of the persistent adverse differential between bank base rate and money market rates.

• After depreciation and the allocation of further large sums to provisions for credit risks, which were justified yet again by the deterioration in the financial situation of corporate or sovereign borrowers, net profits for 1982 came to F 50,936,000, compared with F 56,539,000 in 1981, and were due in almost equal proportions to business in France and that of the foreign branches.

• The allocation of the profits included the distribution of a dividend unchanged from the previous year, namely 7.5% plus tax credit; in addition, a total of F10.8 million was credited to the Legal Reserve and the General Reserve.

• Taking account of this distribution and the increase in the capital from F 300 to 660 million, the Bank's total own funds and long-term resources now stand at F2,634 million, compared with F2,221 million at the end of the previous financial year.

BANQUE FRANÇAISE DU COMMERCE EXTERIEUR

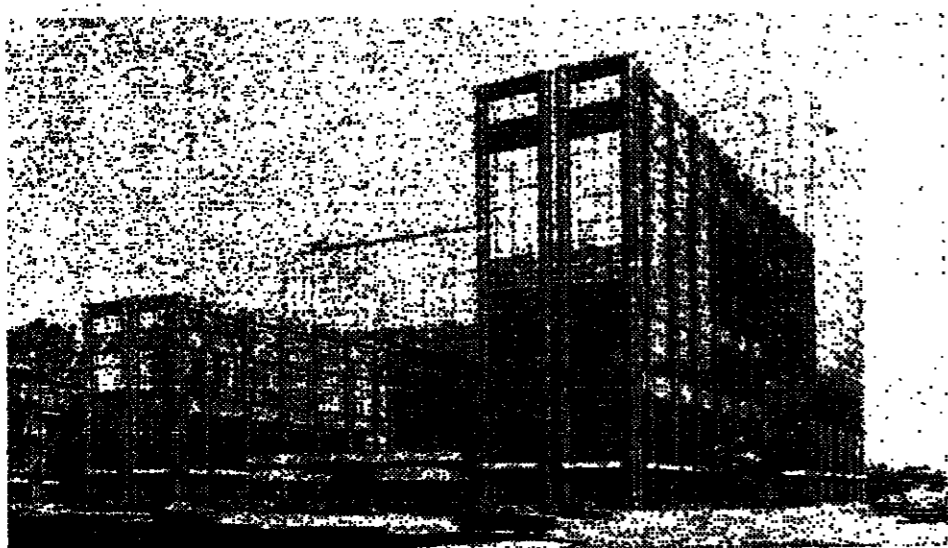
21, boulevard Haussmann, 75009 Paris Cedex 09, tel. 247.12.47



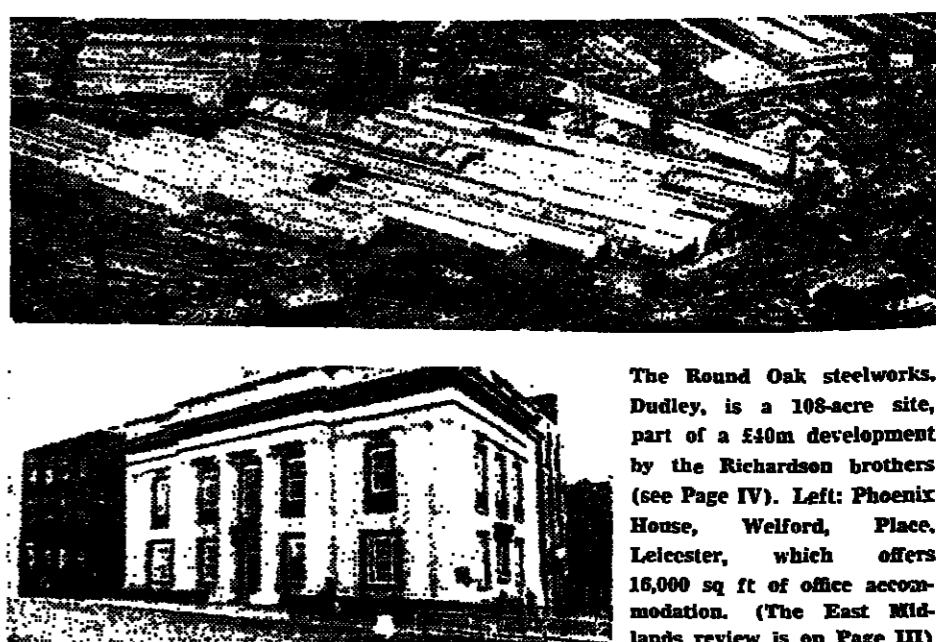
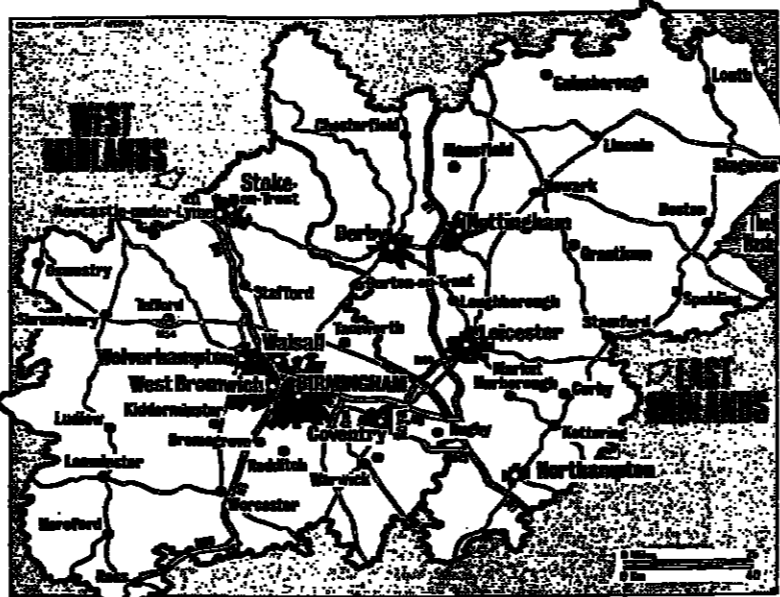
WestLB Euro-Deutschmarkbond Quotations and yields (Cont'd)

Issue	Middle Price	Current Yield	*Yield to Maturity	*Life	Repayment D-maturity - drawing by lot at par Sinking fund P-repurchase fund	Issue	Middle Price	Current Yield	*Yield to Maturity	*Life	Repayment D-maturity - drawing by lot at par Sinking fund P-repurchase fund
5% Rentenbank 78/84-85D (G)	94.35	6.09	6.05	2.84	1.488	8% Westland-Utrecht 80/85 PP	102.75	8.78	8.22	4.50	1.11, 87
7% Rentenbank 78/84-85D (G)	94.70	7.27	7.21	4.67	1.188	9% Westland-Utrecht 80/85 PP	98.75	9.51	8.72	1.92	1.488
10% Rentenbank 78/84-85D (G)	101.00	10.02	9.95	3.17	1.788	10% Westland-Utrecht 80/85 PP	98.75	10.02	9.22	1.92	1.488
5% Rentenbank 78/84-85D (G)	101.00	7.92	7.85	0.92	1.488	10% Westland-Utrecht 80/85 PP	98.75	10.02	9.22	1.92	1.488
7% Rentenbank 78/84-85D (G)	97.20	8.78	8.71	0.08	1.588	10% Westland-Utrecht 80/85 PP	98.75	10.02	9.22	1.92	1.488
10% Rentenbank 78/84-85D (G)	100.00	9.28	9.21	0.08	1.688	10% Westland-Utrecht 80/85 PP	98.75	10.02	9.22	1.92	1.488
5% Rentenbank 78/84-85D (G)	98.00	10.00	10.00	0.00	1.888	10% Westland-Utrecht 80/85 PP	98.75	10.02	9.22	1.92	1.488
7% Rentenbank 78/84-85D (G)	98.00	9.78	9.71	0.08	1.988	10% Westland-Utrecht 80/85 PP	98.75	10.02	9.22	1.92	1.488
10% Rentenbank 78/84-85D (G)	100.00	10.00	10.00	0.00	2.088	10% Westland-Utrecht 80/85 PP	98.75	10.02	9.22	1.92	1.488
5% Rentenbank 78/84-85D (G)	98.00	9.78	9.71	0.08	2.188	10% Westland-Utrecht 80/85 PP	98.75	10.02	9.22	1.92	1.488
7% Rentenbank 78/84-85D (G)	98.00	9.78	9.71	0.08	2.288	10% Westland-Utrecht 80/85 PP	98.75	10.02	9.22	1.92	1.488
10% Rentenbank 78/84-85D (G)	100.00	10.00	10.00	0.00	2.388	10% Westland-Utrecht 80/85 PP	98.75	10.02	9.22	1.92	1.488
5% Rentenbank 78/84-85D (G)	98.00	9.78	9.71	0.08	2.488	10% Westland-Utrecht 80/85 PP	98.75	10.02	9.22	1.92	1.488
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10% Rentenbank 78/84-85D (G)	100.00	10.00	10.00	0.00	3.888	10% Westland-Utrecht 80/85 PP	98.75	10.02	9.22	1.92	1.488
5% Rentenbank 78/84-85D (G)	98.00	9.78	9.71	0.08	3.988	10% Westland-Utrecht 80/85 PP	98.75	10.02	9.22	1.92	1.488
7% Rentenbank 78/84-85D (G)	98.00	9.78	9.71	0.08	4.088	10% Westland-Utrecht 80/85 PP	98.75	10.02	9.22	1.92	1.488
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5% Rentenbank 78/84-85D (G)	98.00	9.78	9.71	0.08	4.288	10% Westland-Utrecht 80/85 PP	98.75	10.02	9.22	1.92	1.488
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PROPERTY IN THE MIDLANDS FINANCIAL TIMES REPORT



Artist's view of Colmore Court, Birmingham. Viking Property Group has started work on this major new office complex at Snow Hill in the city centre. (West Midlands review is on Page II)



The Round Oak steelworks, Dudley, is a 108-acre site, part of a £30m development by the Richardson brothers (see Page IV). Left: Phoenix House, Welford, Place, Leicester, which offers 16,000 sq ft of office accommodation. (The East Midlands review is on Page III)

The uncertain business climate is unattractive to developers but the downward slide is now thought to have halted. Arthur Smith reports on prospects throughout the region

Key factor is investment intentions

"NO ONE is throwing their hats into the air yet—nor will they until the apparent upturn in the economy recorded in the last few weeks has been sustained for a much longer period." That view, expressed by Dr Kevin Hawkins, director of the West Midlands region of the Confederation of British Industry, is reflected right across the Midlands.

Three years of unrelenting recession has opened up the divide between the west and east of the region. The MI motorway forms an almost symbolic barrier. On the one side the once-prosperous West Midlands, with its heavy dependence upon the troubled vehicles industry, has seen unemployment soar to 15.5 per cent. On the other, the East's diversity. The level of jobs, at 11.6 per cent, remains a full percentage point below the national average.

For estate agents across the region the problem is common. The traumatic pace of company closures and redundancies has left the market awash with factories and warehouses—many of them old-fashioned, badly located and fit only for demolition. The decline of manufacturing has consequences for the service sector: the towering glass office blocks erected in the optimism of the 1970s property boom remain empty or half-filled. Leicester is the Midlands city often highlighted for its office glut, but the problem of vacant space, lagging rents and undeveloped sites is common.

Birmingham city centre provides one of the few bright spots

with a series of important office projects already in progress or imminent. Confidence has been given a lift by the announcement from Viking Property that it has secured two large prelets for the vital redevelopment of the 64-acre Snow Hill station site.

Work is also expected to start this autumn on the £35m development of Paradise Circus—a long-awaited scheme which involves 180,000 sq ft of offices and a new hotel. The key to the go-ahead is the proposed £4.5m cash injection under the Government's new Urban Development Grant.

Most estate agents report they have evidence of the flatterings of an upturn in economic activity in the early months of this year. But, perhaps conditioned by the disciplines of a buyers' market, they are sceptical. In a fluctuating and thin market the optimism of an agent probably reflects only the value of the deal he has just done. The uncertain business climate is hardly one likely to attract the attention of developers. But comfort is taken merely from the hope the downward slide has been halted: nowhere is that more apparent

than in the retail sector where, even in a region hit by the reduced purchasing power of the unemployed, renewed optimism and interest in properties is reported.

Even in the East Midlands, where Mr Ken Barnes, the regional director of the CBI, says the improved mood of confidence is similar to that reflected in the latest national survey by the employers' organisation, there is caution.

More inquiries

The key factor for the property market is investment intentions and here Mr Barnes speaks of more inquiries from small firms in the wake of the Budget and reports of big companies "dusting down" their proposed capital programmes.

As yet, however, there is no evidence of companies making a commitment to the long term. Fluctuations in activity owe more to changes in stock levels than real investment.

Dr Hawkins in the West Midlands repeats the conventional wisdom that any recovery is from a very low base. Yes, the number of companies reporting an increase in both home and

export business is greater now than at any time since 1979. Yes, confidence is higher and executives expect things to get better.

But Dr Hawkins does not dodge the fact that "there is no indication of any upturn in investment." He says: "The recovery—such as it is—still leaves an awful lot of spare capacity and therefore high unit costs."

He complains that many companies are still too highly geared and with a high level of real interest rates face cashflow constraints. "We really do need a substantial reduction in interest rates and a higher level of retained earnings in order to finance new investment."

The West Midlands Engineering Employers Association takes an even gloomier view of prospects. Mr Reg Parkes, the president, says the upturn in the economy apparent in the first quarter of the year has passed over the past few weeks.

He reports that orders in April were slightly up on 12 months ago but nevertheless down on the previous month. It is against that bleak economic backdrop that various public sector initiatives are taking

place with the aim of stimulating confidence and investment. In the East Midlands' soundings have been made about the possibility of forming some sort of regional organisation to provide a joint platform for the various local authorities in attracting new industry.

As yet, the common pain has not been sufficient to provoke a common response. Perhaps that is understandable in a region that lacks a real identity and where economic strength derives from the diversity of industry. Each authority is pursuing its own package of incentives to ease the way for commercial development and encourage the growth of local employment.

By contrast, the West Midlands, also noted for its individualism and fiercely independent local political loyalties, appears prepared to sink differences and unit behind a proposed industrial development association.

The change of heart reflects the trauma of the rapid decline of the manufacturing base. The West Midlands chambers of commerce pointing out that 324,000 jobs have been lost in recent years, have called for

urgent government action to save the region from "an unemployment crisis of major proportions."

The real pressure for a change of direction has come from the ranks of big business. The West Midlands CBI leadership has diverted controversial calls from members for the region to be given assisted area status. Instead, energies are being devoted to setting up a regional development association with the twin aims of coordinating promoters and stimulating new investment.

Negotiations continue

Businessmen are demanding a leading role in the proposed new body which is likely to be formed under the chairmanship of a prominent industrialist next month. Negotiations are continuing about representation but the association is likely to be funded on a tripartite basis by industrialists, local authorities and the Department of Industry.

The Government finance was part of the package of special assistance for the West Midlands announced just after the Budget by Mr Patrick Jenkin,

the Industry Secretary. He talked of the need to modernise plant, design products and seek markets.

Central to that aim is the setting up of "an innovation team," headed by Mr John Butcher, a junior minister in the Industry Department. A key role for the specially recruited eight-man "team" of civil servants will be to encourage local businesses to take up the various forms of government assistance now available.

An element of the Jenkin package of keen interest to developers is the offer of help from the English Industrial Estates Corporation, a government-backed agency that normally confines its activities to promoting schemes in the assisted areas.

The corporation is still carrying out studies in the region. One possibility is the announcement of a large scheme aimed at boosting confidence and setting a lead for the private sector.

The local CBI, in line with the national policy of stimulating the economy through capital schemes, is urging the Government to increase spending on improving the infra-

structure and road and rail links—moves which could again unlock land for commercial development.

The highly interventionist role of Mr Butcher and his innovation team symbolises the somersault in government policy since the early days of 1979 when Sir Keith Joseph, the former Industry Secretary, adopted an ostentatious stance of non-involvement.

The Industry Department to some extent is clawing back the initiative from Environment which, under Mr Michael Heseltine, its former Secretary, took a leading role in stimulating economic development, whether through the inner city aid schemes, the promotion of private-sector-backed enterprise agencies or the recent Urban Development Grant.

The West Midlands Industrial Development Association will go ahead regardless of the outcome of the election. Its success or otherwise could be important to the future evolution of Britain's much-criticised traditional structure of regional aid. The present Government shelved plans for reform.

Whichever party is elected on June 9 it can be sure that unless it is progress to halt the economic decline in the West Midlands, the cry is likely to go up for assisted area status. The pressure will come not just from the trade unions but from the industrial business lobby.

To concede such status to a once prosperous region against which the whole thrust of post-war regional policy has been directed would surely discredit totally the existing pattern of aid.

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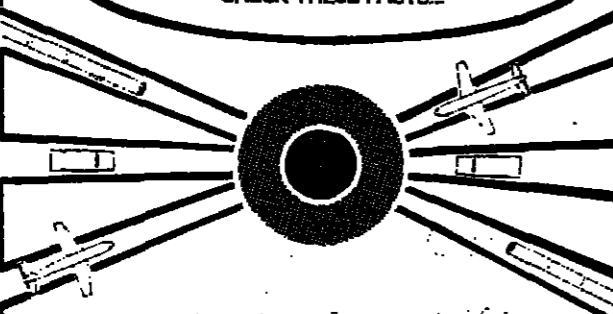
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PROPERTY IN THE MIDLANDS - II

How the recession has affected markets in the West Midlands

Confidence returns to office sector

THE ALREADY bubbling Birmingham office market has been given a double boost with announcements about projects that have hung over the market for more than a decade.

Viking Property, of Derby has not only started work on redevelopment of the six and a quarter acre Snow Hill station site—vacant since 1972—but has grabbed two big pre-lets.

The Sun Alliance Insurance Group, which is backing the first two blocks in the development, is taking 66,000 sq ft as its new regional office. International accountants, Arthur Young McLellan Moores and Co, has agreed terms to take the lease on the next 40,000 sq ft 10-storey block.

The go-ahead is also imminent, thanks to a government cash injection of £4.5m under the new Urban Development Grant system, of the much-delayed £25m Paradise Circus project. There is provision on the site, known as "the hole in the heart of the second city," for more than 180,000 sq ft of offices, a hotel, Shakespeare memorial library and extensive conference facilities.

Since recession began to bite some three years ago, whatever office development has taken place in the West Midlands has tended to be concentrated upon Birmingham city centre. Schemes in the suburbs of Solihull, Edgbaston and Sutton Coldfield have been essentially small-scale.

Slow rents rise

In spite of the economic gloom and the shakeout of office requirements, agents have maintained confidence that rents will continue to rise—albeit slowly. Developers clearly share that view as far as prime sites are concerned and the pace of activity has quickened over the past 18 months.

Tarmac Properties set the pace last year by embarking upon a 120,000 sq ft scheme on a site in Victoria Square opposite the town hall which is due for completion next year.

Embassy developments started later with a 60,000 sq ft project at the junction of Cornwall Street and Church Street, but opted for a quick-build system in order to hit the market, by autumn.

Perhaps the scheme awaited with most interest is that planned by W. A. Blackburn, of Coventry, who agreed to pay a record £3.64m in Birmingham for a small, though prime, site near to the local Bank of England office. The developer has blamed technical problems "for the delay in starting and insists the project will go ahead as soon as possible."

The durability of the present upturn in economic activity will be crucial to all future lettings and developments.

Agents Edwards Bigwood and

Bewlay report that enquiries from both the public and private sectors have increased considerably over the past two months. "The indications are that 1983 will see a significant increase in the take-up rate," says Mr Tony Ramsden.

Both in the offices and industry sector the West Midlands must look to the upturn from a very low base. Mr Ramsden points out that only 45,000 sq ft of modern offices was let in the Birmingham city centre over the past 12 months, a further 30,000 sq ft went in Edgbaston.

But Mr Ramsden maintains that inquiries are now running at such a level that the Birmingham office market could change dramatically. A factor in any such turnaround will be how quickly the two new blocks that have just come onto the market can be let.

Opened in March

Berwick House, a 60,000 sq ft development by Ulster Properties, in Great Charles Street was officially opened in March and a rent of around £5.50 a sq ft is being asked.

A single tenant is being sought for Civic House, a recently completed project, offering 80,000 sq ft and for which a rent of around £7 a sq ft will be required.

The West Midlands has lost out in failing to attract any significant company of size relocating from London. The second city with its good rail and road links is perhaps seen as almost too close to the capital.

Indeed Birmingham has suffered from the recent rapid erosion of the local manufacturing base with companies tending to refocus their head office activities in London rather than the region.

Good examples of potential head office accommodation are the three major blocks available by BL. The former Leyland House, adjacent to Coventry Station, has some 120,000 sq ft. International House, with 60,000 sq ft at Bickenhill, is convenient for Birmingham International railway station, the airport and the motorway system. Nearby at Solihull is the modern Four Oaks House with 80,000 sq ft. These last two properties are on offer at

rents of around £4 a sq ft.

There is concern by local authorities throughout the region to improve the image of the West Midlands in order to attract new investment. The Conservative-controlled Birmingham City Council has identified office-based commerce as "the greatest opportunity for increases in the West Midlands over the next 10 years."

There is a determination to develop office potential to the full and ambitious proposals to establish Birmingham as the home of the International Convention Centre. Such plans which would involve a five to ten year building programme are clearly likely to be a significant long-term factor affecting future office development.

Office sites have already been identified by the city council on Broad Street which is seen as important to any convention centre because it forms the link between the city centre and the Edgbaston complex of offices.

The Paradise Circus project at the city end of Broad Street will clearly be important as to how quickly plans for the convention centre take shape.

Work on the 2.7-acre site which has remained undeveloped for eight years is expected to start this autumn with a view to completion by the end of 1984. Henry Boot (Developments) who have been in discussions with the planners for two years will carry out the project, central to which is the new Penta Hotel. The first phase of the office development, to be called Chamberlain House, will offer around 36,000 sq ft.

Snow Hill site
Equally important to confidence in the city is the start on the Snow Hill site, a scene of growing dereliction since the station finally closed more than 11 years ago. Development is being carried out by Viking in conjunction with the British Rail Property Board, which owns four fifths of the land, and the city council which owns the rest.

The scheme, called Colmore Court, has four linked blocks, three of which form a piazza fronting on to Colmore Row. The first two blocks, totalling 66,000 sq ft will be occupied by Sun Alliance on completion.

Estate agency widens horizons

THE AMPLE and effusive Freddie Dyer exudes the well-mannered bonhomie of a country squire, but as the head of the industrial department of Edwards Bigwood and Bewlay, one of Birmingham's oldest and biggest estate agencies, he is matter of fact about the need to develop a national and international dimension.

"We have grown and prospered with big customers like TI and Guest Keen and Nettelfolds. Now we must follow and help them as they move increasingly into overseas markets," Mr Dyer maintains.

Edwards Bigwood, conscious of the declining manufacturing base and the changing structure of the West Midlands economy, has sought to broaden the services offered and extend both the range and the geographic spread of the clients served.

The agency was established nearly 150 years ago but the real expansion came after the joining together in 1966 of the two complementary but competing operations of Edward Son and Bigwood, with some 80 employees and Bewlay Moore and Company, with 40.

"Remember that was still a time of prosperity for the West Midlands," Mr Dyer says. "Our clients were setting up operations not only in the UK but also in countries like the U.S."

"We realised we had to develop not only in what we offered in this country. We had to look after our clients' interests overseas. We have to do valuations for West Midlands companies in places like America, India, Australia, South Africa and throughout Europe."

Link forged
Mr S. Dyer maintains that important to future growth is the link forged two years ago with Colliers International Property—consultants—an association of property firms whose ambitious long-term aim is to offer professional advice throughout the world.

Initially, Colliers had member firms in Australia, New Zealand, Hong Kong, Singapore and Macau. A U.S. office was opened in Washington in September 1981 and is headed by Mr Richard Barker, son of the former senior partner of Edwards Bigwood. This month estate agents in Canada joined the network.

Mr Dyer explains that

Edwards Bigwood can make use of any of the Colliers' members to provide on the spot overseas services for UK clients. In turn, Edwards Bigwood handles the UK on behalf of Colliers. Transactions are handled on a commission basis similar to that used by other international agents.

Changes introduced at Edwards Bigwood mean that business has expanded in spite of recession, Mr Dyer says. Computer Systems have been introduced to raise efficiency and prevent big loss to growth in staff, currently totalling around 140 in the four offices at London, Birmingham, Banbury and Stratford.

Pubs sold

A setback to the agency on top of the economic downturn is the continued postponement by the Government of rating revaluation—an exercise that can employ up to 25 per cent of the staff. But one growth area that has helped ease up the slack is the specialised licensed property department which not only advises the breweries but also handles the sale, leasing and valuation of hotels and pubs.

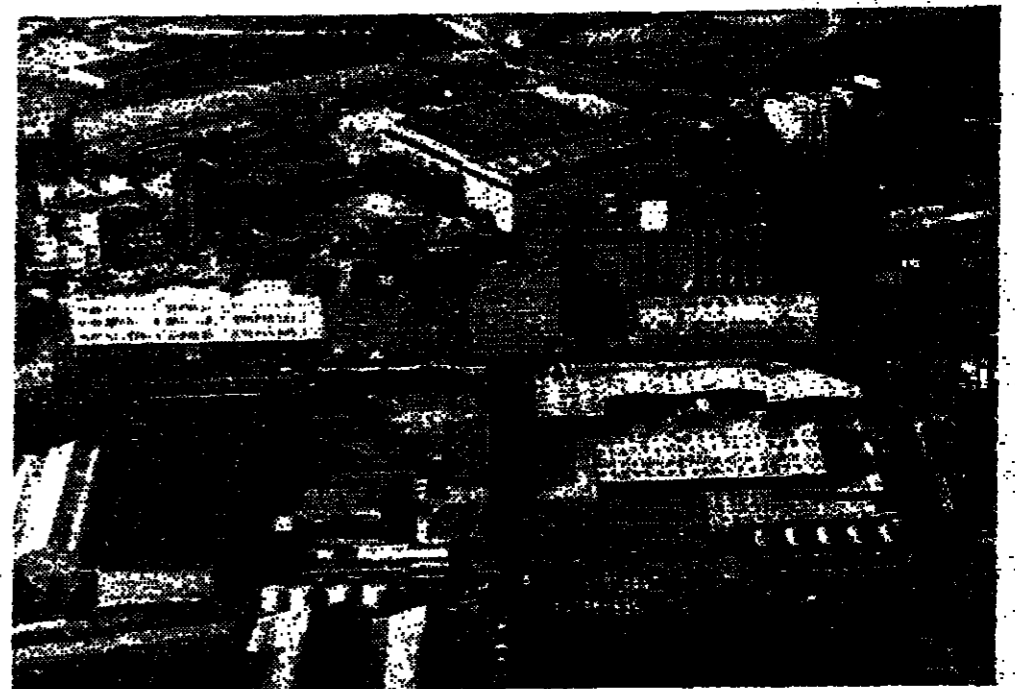
Mr Dyer says there has been substantial rationalisation in the brewing industry as the major companies have weeded out and sold off the less profitable outlets. Many redundant executives have used their cash buy-out to realise an ambition and own a pub he says.

Another area expanded by the agency has been its town planning and development advisory services, in order to represent clients at planning inquiries and appeals.

Mr Dyer reports that recession has made it very hard work in his own industrial property department. "In spite of the problems we have still been doing deals and moving property. People are having to be realistic and accept it is a buyers' market and likely to stay that way for some time."

How different will be Edwards Bigwood in five years time? Mr Dyer pauses. "The market is changing all the time—even technically in the way and terms on which property is offered. I think we must be flexible and offer a comprehensive service."

He laughs: "In short, in property we must be able to offer everything to everyone."



The former Ansell's brewery in Aston, Birmingham. The 638,000 sq ft building on 10.38 acres, auctioned in March was withdrawn at £300,000. Negotiations for its sale continue.

Bruising time for industry

THE AUCTION this spring of the famous Ansell's Brewery, on a 10-acre site close to the motorway network, was billed as a major event expected to herald the upturn of the battered West Midlands industrial property market.

Mr Maxwell Taylor, senior partner of agents Grimley and Son, forecast that many of the country's leading industrial developers, financial institutions and owner occupiers would be attracted. The property was withdrawn at £300,000 and negotiations for its sale continue.

The failure to make the asking price for what, in terms of location, is a prime site dealt yet another blow to the bruised confidence of a region which admits currently to around 30m sq ft of vacant industrial space.

Agents, vying with one another to offer special deals and incentives to offload surplus property, however, take comfort from the slight improvement apparent in recent weeks. At least the pace of factory closures has slowed and with it the volume of out-dated accommodation coming onto the market.

There has been an increase in inquiries and deals in the first quarter of this year, but agents, in common with the West Midlands Regional Council of the Confederation of British Industry, point out that the picture is mixed and somewhat less bright than that portrayed by national forecasts.

A key indication of the continued lack of investment confidence by industry is the number of deals struck on freehold rather than rented property. The trend for companies to trade down and opt for second-hand refurbished accommodation continues.

As the institutions have held back from committing funds to a region with obvious structural problems and bad public image it has been the private companies, such as Richardson Developments and William Sapcote and Sons, which have moved in to buy up and refurbish the old factory buildings.

Any talk of a possible upturn in the industrial market is tentative and there is little prospect of speculative development on any scale. One encouraging sign, however, is renewed interest by developers in acquiring well-positioned sites in the hope the economy might be on the turn.

Rents in the current competitive market tend to be a matter for negotiation. Incentives offered to prospective tenants range from reverse premiums to generous rent-free periods. On a more personal basis there are offers of free motor cars or holidays overseas.

In Birmingham the going rate for new industrial property of say 5,000 sq ft has held fairly firm at around £2.50 a sq ft. Smaller units are at a premium and might fetch up to £2.65 a sq ft. Rents will obviously vary according to quality, local supply and locations.

Similarly, freehold values span a wide range. Prime buildings and land have held their price, but multi-storey factories and poorly located sites have dropped by anything up to 50 per cent.

Prices can be as low as £30,000 an acre in Walsley and Darlaston compared with an average for the Black Country as a whole of around £50,000. By contrast prime sites in Birmingham or Solihull can achieve upwards of £20,000 an acre.



Mr Freddie Dyer, head of the industrial department of Edwards Bigwood and Bewlay

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PROPERTY IN THE MIDLANDS - III

The East Midlands is awash with vacant office and industrial accommodation

Backlog of office space to clear

THE EAST MIDLANDS is still suffering from the office building boom of the 1970s. Even the recent flurry of interest in accommodation reported by local agents will do little to clear the backlog of empty buildings.

Leicester, where modern offices are on offer at £1 a sq ft and even then agents will do special rent free deals, remains the extreme example of the problem.

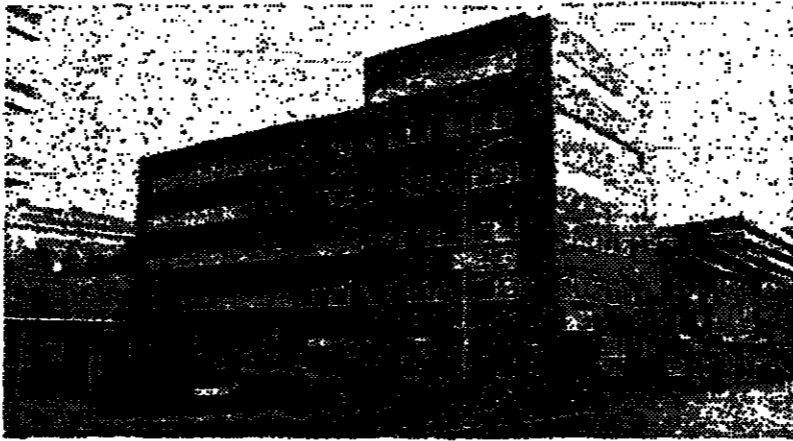
In the words of one agent who reports vacant space has risen over the past 12 months to push the total to more than 600,000 sq ft: "There are new office blocks in this city that have stood empty for 10 years and are likely to stand empty for at least another 10."

Lettings of the better quality and well-located accommodation continues, but slowly. Rents of around £3 a sq ft have been realised in the prime New Walk professional area though the going rate is usually somewhat below that figure.

Elsewhere in the city centre, space is on offer at £1.50 to £1.50 a sq ft — a shortage of parking facilities will in some cases tend to depress rents. The oversupply is most glaring around the ring road where the £1 a sq ft asking rent is often negotiable. "In trade, prospective tenants can come in and do their own deal," one agent reports.

Because the Leicester City Council continues to levy half rates on empty property the lesser may be prepared to offer a rent-free period merely to delay some of the outgoings.

Nottingham, which escaped the vigorous attention of the developers in the previous boom, presents a much more balanced picture. Agents report a slight upturn in lettings and inquiries in recent months. Demand has



Left: St John's House, East Street, Leicester with unlet area of 1,750 sq ft. Above: Marlborough House, Welford House, Leicester with 2,265 sq ft open plan office suite to let on the fourth floor

been consistent for good quality modern accommodation.

Much of the available space tends to be concentrated in numerous small suites and there is a shortage of accommodation offering around 20,000 sq ft — a factor which agents hope will push rents beyond the £3 a sq ft mark and open the way for profitable new developments.

The space and rents in nearby Leicester have clearly acted as a drag on the Nottingham market but rents have been creeping upwards over the past couple of years and agents expect the trend to continue.

The greater interest by high technology companies in recent months is something which the Nottingham City Council wants to encourage.

Mr Malcolm Gilbert, industrial and commercial development officer for the local authority, maintains it is not merely a question of providing space in conventional offices. He believes there is demand

for new industrial units which offer perhaps 20 to 30 per cent office space.

"Companies increasingly need to get a closer link between the traditional concepts of manufacturing and white-collar activities," he says. In Derby, where the market was again flooded by developments in the 1970s, the amount of space is gradually being reduced — not in the main through big lettings but by splitting the blocks to attract small business.

The best example of the policy of going for the small tenants is provided at Saxon House, one of four blocks in the 150,000 sq ft development at Heritage Gate, Friar Gate. The 33,000 sq ft at Saxon House is now fully let at rents of between £1.50 and nearly £2. Units were offered from 250 sq ft upwards.

Roman House, with 32,000 sq ft was sold freehold to Derby City Council. Celtic House, 46,000 sq ft, and Norman House, 68,000 sq ft remain substantially unlet.

Another floor of Eastgate House, Nottingham Road, has been let at just under £2 so that only 7,000 sq ft remains.

Space vacant at St Peter's House, Gower Street, has dropped from 70,000 sq ft to 40,000 sq ft over the past 12 months.

At Northampton, though the Development Corporation which has pushed expansion at a rapid rate is scheduled to be wound up, investment and office projects continue. New projects are underway with others planned but the pace of activity will clearly be determined by the letting pattern over the coming months.

Agents report an upturn in inquiries this year which they attribute to growing business confidence and the attractions of the town for companies considering relocation from London.

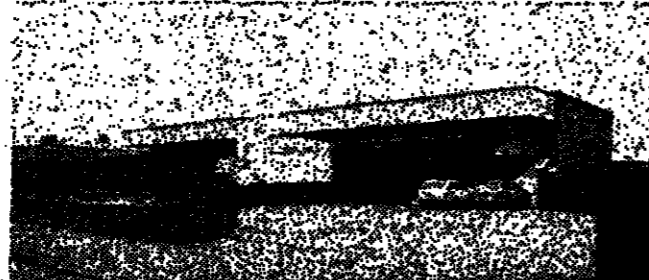
The key letting last year was the 160,000 sq ft Greyfriars House to Lummas who moved from London. The building had stood empty for some years as the Development Corporation held out to attract one large tenant.

Rents for prime accommodation have held firm at around £4.50 to £5 a sq ft but local agents, Wilson and Partners, are now asking £5.50 a sq ft on two new developments.

Mr Tony Hewitt, of Wilsons, says there is "strong interest" in Princess House (21,500 sq ft) and Elgin House (17,500 sq ft) both of which are in the Cliftonville area close to the town centre.

Wilson's biggest office transaction so far this year is the preletting to a government department of Ashby House with just under 13,000 sq ft. Building work has now started and completion is expected next March.

Right: commercial cold store/distribution depot available at Ruddington, near Nottingham. Below: one of the warehouse/factory units offered on Ashville trading estate, Whetstone, Leicester



Companies find bargains in buyers' market

AGENTS in the East Midlands, noted for its diverse and prosperous manufacturing economy, have learned to live during the past three years of recession with a market awash with industrial floorspace.

Even the undoubted upturn in inquiries and lettings in the first months of this year are treated with some scepticism. The market is patchy, fluctuates, and lacks one important element—consistency.

Mr Stephen Galloway, of Frank Imms, Derby, reports that the first quarter was the best period for two to three years: "It was like a mad race. We did more deals than for the previous six months if not longer." But since Easter the market has gone quiet, a change noted by other agents in the region.

Mr Tony Barrie, of Bonfield Hirst Turner, at Leicester, says enquiries are varying on a day to day basis and there is no discernible trend. He suggests the local economy may still be simply "on a plateau."

Overheads cut

The one positive factor in the market, particularly over the past two years, has been the demand for secondhand and refurbished premises rather than for new rented accommodation.

Companies, faced with falling orders and contracting volumes, are anxious to cut overheads such as rent and rates. Mr Nigel Griffiths, in the Nottingham office of Cavanagh, William H. Brown, points out that as a general guide a second-hand industrial unit of approximately 10,000 sq ft will achieve a rent of around £1 a sq ft compared with similar new premises at around £1.50 a sq ft.

The freehold sector is much stronger than leasehold as companies look for the bargains

in a buyers' market and seek to get greater control of costs. What limited new building is taking place is usually pre-let for nursery units continues but it tends to taper off above around 2,500 to 5,000 sq ft.

Mr Griffiths says the lack of demand for larger accommodation is particularly noticeable in warehousing. He maintains that manufacturers in an uncertain business climate are tending to produce to order rather than hold large stocks of finished goods.

The overhang of new rented accommodation on the market for some months now clearly undermines confidence. Agents agree that given a return to more normal conditions the balance of supply of well-located modern premises could quickly swing the other way, but few can see it happening in the near future.

Developers are taking a cautious "wait and see" attitude to new projects. One of the few companies pressing ahead with speculative larger industrial units is A. H. Wilson, of Leicestershire. This activity, however, merely underscores the importance of prime location: speculative units are underway on the Meridian Business Park, a 72-acre site at the junction of the M69 and M1.

Local authorities, helped in part by government funds committed through inner city aid schemes and the recent Urban Development Grant, are playing an important role in providing starter units.

Nottingham City Council, for example, reports that the 11 units offered at Churchfield Court, Top Valley, five miles north of the city centre, were all let within three weeks of completion. The units varying from 600 to 1,100 sq ft went for rents of around £2.50 a sq ft.

Nottingham, like other authorities in the region, is talking to the private sector with the aim of encouraging advance building programmes to attract new industry.

Public sector involvement has been particularly important in pushing growth in Northamptonshire, both in the county town and at Corby.

Corby, the first enterprise zone to be designated in England, has attracted 186 new companies and created 3,000 new jobs in just three years. More than 1m sq ft of factories have been built and let, contributing to the fact that only 30 of the 285 acres within the enterprise zone remain available.

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In Northampton there is increasing activity, though as elsewhere it is the smaller units that are in greatest demand. The Development Corporation, the driving force behind expansion, is scheduled to be phased out by the end of next year but investment is expected to continue.

The corporation, which has around 200,000 sq ft of new industrial property available, stopped its advanced building programme last year.

The freeholds of its industrial land bank are up for sale, but in a depressed market the corporation may seek government help to await an upturn. Rather than accept knock-down prices the assets could be handed over to another public body, such as Northamptonshire County Council.

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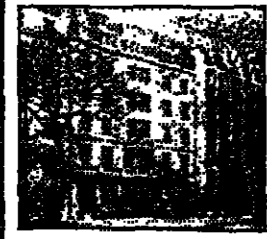
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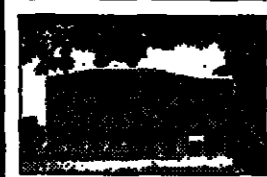
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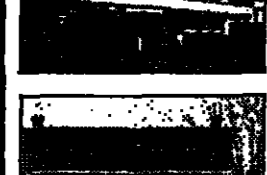
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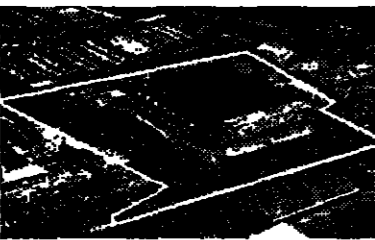


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PROPERTY IN THE MIDLANDS — IV

Many of the multiples have reduced outlets and remain cautious

Retailers' gloom starts to lift

THERE ARE hopes that the shakeout of the retail property market in the Midlands caused by the recession may now have run its course.

Agents report a mixed picture but more optimism; the view is that the multiples have disposed of their less profitable outlets and are beginning to fight back.

Trading patterns have undoubtedly shifted under the impact of an economic downturn that has ravaged the manufacturing base of the whole region. Retailers have been squeezed from below by the rising costs of rents, rates, services and labour and from above by falling demand as purchasing power has shrunk because of rising unemployment.

The problem is perhaps best illustrated in the Mander Centre, Wolverhampton, and the Gracechurch Centre, Sutton Coldfield where high rent rises have contributed to the exit of many traders and to the offer of reverse premiums.

Many of the multiples have not only reduced their number of outlets but remain cautious and far more selective. In the words of one Nottingham agent: "A few years ago they would have aimed for a particular part of a street. Now they wait for the exact spot. The one next door is no longer good enough."

But the very reluctance of the big retailers to commit themselves has opened the way for regional groups or even individual traders to move into locations previously thought pro-

hibitive. The increased competition from such sources is forcing the nationals to review constantly their marketing techniques and image.

Indications of such adjustments are provided in central Birmingham by the refurbishment of Rackhams, part of the House of Fraser, and in Solihull by Beatties.

Alarm bells

In Birmingham, the closure of Debenhams set the alarm bells ringing about the longer-term consequences of the present recession. In reality, the latest economic downturn probably merely served to underline the fact that the store was not in a prime position. It is hoped that the redevelopment of the nearby Snow Hill station site, now underway, will improve the number of potential customers walking through the area.

Redevelopment is imminent of the 80,000 sq ft Debenhams store to provide shops at ground level with offices above. Birmingham City centre rents range from around £80 a sq ft in the much-in-demand High Street to £50 sq ft in Corporation Street. Prices in the suburbs have also held up well encouraging developments such as the second phase of the Grosvenor centre, at Northfield.

At Solihull, the Environment Secretary has called a public inquiry for next month to consider plans by the borough council to demolish homes in

order to build a 100,000 sq ft extension of the central shopping area.

The plans propose a 45,000 sq ft food store, a 35,000 sq ft general store and more than 20 small specialist shops.

Controversial planning applications are also in for a series of "superstores" near to Solihull and the M42 motorway. The big names involved include Tesco Stores, J. Sainsbury and the Co-operative Wholesale Society.

Retail developments throughout the Midlands, with the exception of plans for new shopping centres at Cheltenham, Hereford and Walsall, tend to be fairly small-scale and piecemeal.

Perhaps the most ambitious scheme mooted is that by Penwise Properties for a 1m sq ft Brent Cross-style shopping complex on a greenfield site at the junction of the M1 and M69.

The developers' appeal against the local authority refusal of planning permission has now been with the Environment Secretary for more than 12 months.

The plan is understandably described by one agent as "like the sword of Damocles hovering over Leicester." While Leicester as the nearest city might be under immediate threat, such a centre would have a potential catchment area stretching to Coventry and Birmingham in the West, Nottingham in the north and Northampton and Milton Keynes to the south.



Don Richardson, announcing a £40m development plan for the former Round Oak steelworks at Dudley. On his left is his twin brother, Roy, and to his right representatives of Dudley Council

PROFILE: DON AND ROY RICHARDSON

Black Country entrepreneurs

DON AND ROY RICHARDSON, twins born in the Black Country, have just bought the local steelworks in Dudley, West Midlands, and are pressing ahead with a £80m development.

Their first sight of Dudley for motorists emerging from junction 2 of the M5 is the Richardson's signposts and petiole fashions. Work is under way on a 30,000 sq ft unit for Sainsbury's, a 45,000 sq ft factory for Sony and a similar-sized building for Burnish Oil.

Philosophy

Don Richardson outlines the philosophy of his commitment to his home town: "I think what we want to do is bring back the life and prosperity to the Black Country. This is where our businesses operate and what is good for the area must be good for them."

The twins left school at 14 just before the end of the war. Now their real education is about to start. Don says his father told them: "The photograph of their father, complete with First World War medals, holds pride of place in the boardroom."

Don says his father was "a one-man band—a dealer in trucks." The twins started buying and selling ex-army vehicles and moved in 1949 to the four-acre site next to the canal which remains their utilitarian headquarters.

Tea at "the Works" as it is known, might now be served in best quality bone china but the real changes owe more to commercial considerations. Signs for "Link Furniture" vie with those of Richardson's.

He is confident that "the logic" of extending the enterprise zone to encompass the whole 200 acres will be accepted. The Conservative-controlled Dudley district council is "responsive" to the brothers' views, he says.

And the process of persuasion is continuing: "Last week we met three Government Ministers, a Shadow Minister and two MPs."

The Richardsons declare themselves above politics: "I am a businessman," says Don, but he is equally free market and against intervention by local or central government. He makes clear they will not be seeking any grants for development of Round Oak but adds: "To get any money you usually have to show a loss somewhere and we find that difficult."

Don owned his first Rolls-Royce at the age of 28, and claims he and his brother have replaced them at the rate of two every year since: "They are so cheap to run they are the only cars we could afford."

He acknowledges that second-hand prices are not what they

were but suggests the regular purchasing power of the Richardsons commands a corresponding discount.

Don argues that the driving habits of a lifetime are being changed by the mounting difficulties of parking a Rolls in the crowded streets of Birmingham. He increasingly uses a Ford Granada. He dismisses the alternative of a chauffeur: "We do it in the Black Country; that would give everyone the wrong impression."

The brothers have concentrated their development activities on the area they know in the West Midlands and put the emphasis on flexibility. They have a small staff of experts and buy-in outside services. "Companies with big staffs have hungry mouths to feed and may take business for reasons other than profit," Don argues.

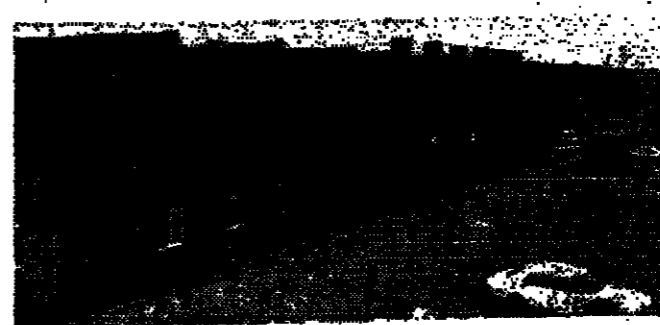
He adds somewhat diffidently: "In my business career, if you can put it that way, there have been several phases. Like the big companies we have chased turnover. That is irrelevant. We want profit."

The fact that the Richardsons have funded their own schemes enables them to respond quickly to market demand, they maintain. Projects tend to be speculative and they have established a reputation for buying existing large factories, dividing and selling them on.

Evidence of the policy is provided on the 110 acres of enterprise zone land. Don maintains that 15 existing units were sold within a few weeks of going on to the market. "We made them competitive, offered realistic prices, and did not hang out for large returns. Businesses are now moving in and more than 100 jobs are likely to be created."

Don Richardson insists the whole 200-acre site at Dudley should be developed within four years and maintains he can find the finance regardless of the institutions. "I have no feelings against the institutions. We have sold investments to them in the past, but I think they are wrong not to invest in the West Midlands. The region is a deserved bad reputation."

He adds, with a smile, that the absence of the big funds is depressing the price of development land: "In the current climate it gives companies like ours a chance and we are grasping the opportunities."



A Sapcote refurbishment carried out at Waverley trading estate where 30 units are now all occupied by small businesses. Below: Mr Stuart W. Sapcote, deputy managing director, and Mr Bob Holloway, director.



PROFILE: WILLIAM SAPCOTE & SONS

Recession benefits refurbishers

STUART SAPCOTE, elegant, antiques dealer and son of the former chairman, is not sure whether he is sixth or seventh generation in the Birmingham-based family firm of building contractors, William Sapcote and Sons. But he is emphatic in his belief that the recession that has ravaged the Midlands has been "very good news for us."

The mounting pace of factory closures and company liquidations has provided Sapcote's development arm with its low cost raw material. The company has snapped up old and often rambling factories, split them into manageable units and sold them off to businesses anxious to hold the freehold and rid themselves of the dependency of tenancy.

Sapcote has refurbished around 1m sq ft of industrial accommodation in the past 12 months. One notable scheme was the joint venture with Guest Keen and Nettlefold to dispose of a 250,000 sq ft units and bolts factory on a 10 acre site at Darlaston.

"The agents were saying no one would want units there; the area has so many problems with rocketing unemployment," Mr Sapcote laughs. "We have sold 50 of the 54 units in just 12 months."

The average freehold price for the refurbished unit was £3.50 a square foot. Mr Sapcote enthuses: "We were so ludicrously competitive when you compare it with just renting at perhaps £1 to £1.50 a square foot. There was a mass exodus from the local industrial estates."

Sapcote, which has been refurbishing factories for 10 years, has been quick to identify the gap in the market over the past three years as companies have traded down.

Quick turnaround

The business philosophy is based on low profit margins but a quick turnaround: "Furnishings make their decisions on price and we offer good value for money. We have our own construction company so the building work can go in at cost. We take a reduced development profit; the aim is to move the property quickly."

Aggressive marketing is also important. Sapcote placed advertisements in the local newspapers to promote its "Spring Sale" with prices cut by an average of 10 per cent in return for a quick exchange of contracts.

The company also offers two special schemes to attract buyers. Under Flexidirect prospective purchasers can lease a unit for up to three years with the option to buy at a fixed price during that period.

On properties costing more than £50,000 Sapcote guarantees to buy back the factory, if necessary, at the same price for which it was sold.

William Sapcote & Sons was established as a general building contractor in 1885 but rapid expansion has come

only in the last 10 to 15 years. Turnover has shot up from around £300,000 a year to £15m.

Most of the 400-strong workforce are concentrated in the West Midlands, but a door-and-window emergency replacement service started 10 years ago has expanded rapidly and operates nationwide.

Mr Sapcote smiles: "The man who started it was known grandly as the managing director. Then he had only a secretary and one engineer. Now he has about 100 workers."

Building activities stretch to specialist restoration, including work on Warwick Castle and Anne Hathaway's Cottage at Stratford-upon-Avon.

Signs of improvement

Mr Sapcote says there are signs of a recent improvement in the economy apparent in the general contract building division, but, if anything, demand for industrial units has eased.

He wonders whether companies, perhaps becoming more confident about prospects, might now be looking once more at new rather than refurbished factories.

"Our units are very much the Ford Escort part of the market. Perhaps people are moving back up to the Jaguar class and we will have to go with them. Whatever happens I think we have our finger on the pulse."

Refurbishment projects are underway at nine sites in Wolverhampton, Smethwick, Sutton Coldfield, Aston, Hockley and Great. But the biggest scheme is at the former Eaton Yale factory, Wilehall, where a 250,000 sq ft factory is being subdivided.

The firm development will offer 60 freehold units ranging from 500 to 50,000 sq ft. Prices start at £3 a sq ft.

Mr Sapcote says he is in the process of buying another four factories and is in negotiations with a couple of large companies about possible joint developments.

The scope for refurbishment has to be wide: in the West Midlands alone there is an estimated 30m sq ft of vacant industrial property, but Mr Sapcote points out that meticulous investigation is the key to development success.

"So often I have seen people go into a scheme only to discover that major and unbudgeted infrastructure work is necessary."

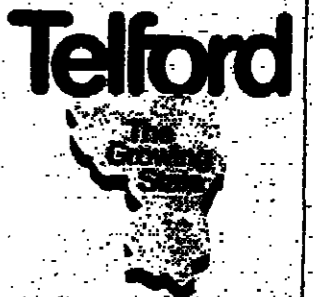
Mr Sapcote is confident that refurbishment will continue to offer a profitable future for Sapcote. "So far we have competed mainly on price. Marketing will become increasingly important and we will have to offer that bit more."

In a move to upgrade accommodation mahogany doors and brass fittings are now being introduced: "We must no longer be just cheap. We will have to add the frills."

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Jurek Martin on the Japanese electrical company's plans to broaden its product base

Reshaping the mould at Toshiba

THERE IS a popular picture of the prototypical senior Japanese corporate executive. He (never she) spends a lifetime with one company; he switches from department to department, becoming a jack-of-all-trades, knowing the nooks and crannies of his company more thoroughly than the traditional Western specialist ever could; he never stops working and rarely takes a holiday; he will, if pressed, admit to playing golf, probably because he likes it but possibly because that is what is expected of people of his level; he will hardly ever confess to playing it well.

When asked why Japanese companies have been so successful in international markets, he will, almost without exception, point to the imperative of having the right product — a simple philosophy which, he will politely infer, Western businesses seem somehow to have forgotten. He may add that it helps to have a loyal and committed workforce which identifies with the company's success and which willingly co-operates in whatever way of doing things management thinks best.

But he is also likely to insist that Japan has discovered no corporate Holy Grail but has merely adapted, and arguably improved on, what it gleaned from careful study of Western commercial practices.

The mould may not be perfect. Japan has discovered its share of non-conformists in the business field, such as Akio Morita of Sony. But this is an homogeneous society for the most part and it is perhaps inevitable that leaders of it are measured against the well-known stereotypical norm.

Take, for example, the case of Mr Shōichi Saba, new president of Toshiba. The company is a household name, but its

leader is not. Yet Toshiba is changing—from reliance on conventional consumer appliances, heavy machinery and nuclear power to greater emphasis on the most sophisticated electronic high technology—and Mr Saba is directing the evolution of this substantial \$10bn a year sales company. It is only reasonable to wonder how he got there, what moves him and what he wants to do: put crudely, does he fit the pattern or break it?

Perhaps inevitably, the picture is mixed, and more intriguing because of this. True to type, he has been a Toshiba man all his working life since first joining the company in 1942, with just a brief break for wartime service (as a Japan-based instructor in the use of wirelesses).

Less typical is that he has remained a specialist through and through—an engineer, he freely confesses, from head to

TOSHIBA

toe, from his start doing research in high voltage phenomena to the present, where he also serves as chairman of the Japanese Institute of Electrical Engineering.

"My engineering career," he says with obvious pride, "has been a very important factor in my way of thinking and management." Toshiba, he goes on, has always been a manufacturing company in which the paramount factor has been the quality of the product, "the core of every strategy and behaviour of the company." (Again, very much the conventional Japanese view.)

The charm of the engineering discipline, he explains with

much enthusiasm, is its endless applicability. "Even my Army experience benefited me a lot: at Tokyo University my graduating paper was in power engineering but during the war I had to instruct cadets in wireless engineering, in other words I had to apply my knowledge to practical science." And getting into early transistors, he goes on, "made me have an interest in computers."

This sense of interest in Toshiba's products peppers Saba's conversation. As president, he has, he says, "some opportunity, not as much as I would like, to stay in touch with technological developments." But "the important thing is to have an interest in the product, not always in detail, but an interest."

Or again, true to the standard Japanese litany, "in foreign countries, management is generally money management, but in Japan it is product management as much, if not more, than money or personnel."

The Japanese are, it is well known, great students of the practices of other nations and Mr Saba is not hesitant to point to the year (1956-57) he spent in the U.S. as Toshiba's liaison engineer with General Electric, a seminal experience, both personally and for his own company. For a start, it compelled him to speak English ("there I was in Schenectady, New York, working by myself, with no secretary and no family which I had left behind in Japan: there weren't exactly many Japanese in Schenectady so I had to speak English to survive"). Today, his English is clipped, precise and superior.

The GE-Toshiba connection is longstanding: the U.S. company used to own part of Toshiba before the war and, in the mid-50s, Toshiba was manufacturing power generators and transformers under license from GE. But it was the U.S. concern's training and management techniques which, he says, really opened his eyes. Additionally he saw that GE had "enormous research and development" powers: "they were way ahead of us," he notes now. His reports back to Toshiba came to serve as the basis for his company's training and engineering programmes and obviously marked something of a turning point in his own career by establishing him as a management authority.

But 25 years later, Toshiba is a very different company operating in a very different, and much larger, commercial environment. Not so long ago it is fair to say that it had acquired something of a stuffy image; even in Japan it seemed a little too content with its solid but not spectacularly profitable domestic and regional

"I do not feel frustration in my job. There is no time for frustration; sometimes there is not enough time to think, but I am a flexible man."

Asian markets and rather conventional product mix. When it did break new ground, in producing, for example, Japan's first word processor, it sometimes found itself being overtaken by competitors. In this case Fujitsu. And, in hindsight, it appears to have backed the wrong horse in the video cassette recorder market by aligning with Sony's Beta system, now distinctly in second place to the rival VHS system (Toshiba now is pinning hopes on the next generation of 8mm VCRs).

But its most recent advances in semi-conductor based technology, ranging from CMOS chip production, office automation, robotics and pioneering

medical equipment, point the way: (the company's current motto is: "in touch with tomorrow"). So does a new onslaught on the major markets of the U.S. and Europe, hitherto relatively underdeveloped territories.

Mr Saba acknowledges and welcomes the evolution but adds that "we need some time to change course" to high technology electronics and away from heavy industry and the conventional consumer appliance fields. But, he implies, even in the process of change, Toshiba must not forget that it is the product which counts most, for it is the key to profitability.

Thus the decision taken last year to establish a manufacturing plant for integrated circuits in West Germany was based primarily on the fact that West Germany remains the biggest European market for semiconductors and thus potentially the most profitable.

Britain, incidentally, received something of a consolation prize. Sir Hugh Cortazzi, the British Ambassador here, had been impressing the British personally to Mr Saba (both confess to a healthy regard for the other's abilities). It so happens that Sir Hugh's known passion is to promote greater Anglo-Japanese understanding through educational, cultural and commercial exchanges. So Mr Saba came up with the idea of establishing a Toshiba fellowship which would

TOSHIBA

bring a couple of British engineers over for a year's work with the Japanese company, an interesting example of how, in the 25 years since Mr Saba spent a year in Schenectady, the boot has switched to the other foot.

But shifting gears at Toshiba clearly requires an element of ruthlessness, and even in the inevitably courteous confines of an interview, this does occasionally manifest itself. The Toshiba-Amper affair is a case in point, touching a raw nerve in Toshiba's corporate image.

It is an intriguing, and un-Japanese tale. Toshiba and Amper of the U.S. had set up, in the mid-1970s, a smallish joint venture in Yokohama manufacturing professional quality VCRs. Late last year, Toshiba clattered it down on the grounds that it was losing money and was not in effective competition with Sony. Normally when this occurs in a Japanese company of Toshiba's size, with its tradition of lifetime employment, staffs are reassigned to other divisions. Except that, on this occasion,

some of the Toshiba-Amper staff, mostly professional engineers, declined to move. They claimed that the plant was profitable and that Toshiba was waging a vendetta against the house union, which in most Japanese companies are compliant but which, in the Yokohama plant, had some record of confrontation with management. For a while, the plant was actually occupied by some of the resisting employees who refused to move.

Toshiba does not like to discuss this affair. When Mr Saba was asked to comment, a distinctly steely tone entered his voice. It was, he said, always difficult to close down operations but generally Japanese workers accepted job transfers, as most of those at Toshiba-Amper had done. Those who resisted, he acidly observed, were "leftist and radical union people." Though he did not say so in as many words, they were not the sort of people who had contributed so mightily to the productivity and success of Japanese industry: in a nutshell, they did not conform.

But, delicately switching the subject, it emerges that there are distinct elements of non-conformity in Mr Saba himself. He is, for example, a Presbyterian, with whom Japan does not exactly team, an elder of his church — in charge of finance, he adds somewhat ruefully. His father was a Presbyterian minister, while his maternal grandfather had been a Church leader in the early years of the Meiji Restoration 100 years ago.

Nor does he necessarily put in 90-hour work weeks, as many Japanese are supposed to. He arrives in his elegant and, by local standards, spacious office at about 7.30, and tries to leave, often succeeds, he adds, by 6 o'clock or a little after in the evening. One reason is that he is a keen concert-goer and performances in Tokyo generally start no later than 7 pm. He reads avidly and indeed he does play golf ("not well") though his first, and now largely neglected, sporting love is sailing.

"I am a flexible man," Shōichi Saba says. Being president of Toshiba is "not perfect," but then, what is? "I do not feel frustration in my job. There is no time for frustration; sometimes there is not enough time to think, but I am a flexible man." He is certainly flexible enough to have a video display terminal next to his desk, but does he use it much? "Mmm, from time to time... I did use it to refresh my memory on Toshiba's figures just before you came in" — an admission that, by Japanese standards, is positively disarming.

Management abstracts

500 Years of Work Study
C. P. Verschuren in *Bedrijfsvoering* (Netherlands), Nov 82

Reviews a recent book by a German professor (Hackstein) that contends that the originators of work study were not Taylor and Gilbreth, but Europeans like Leonardo da Vinci, and explains why the Americans — not the Germans — got the credit.

Stop the Computer — I Want to Get Off
H. Paul in *The British Journal of Administrative Management* (UK), Oct 82

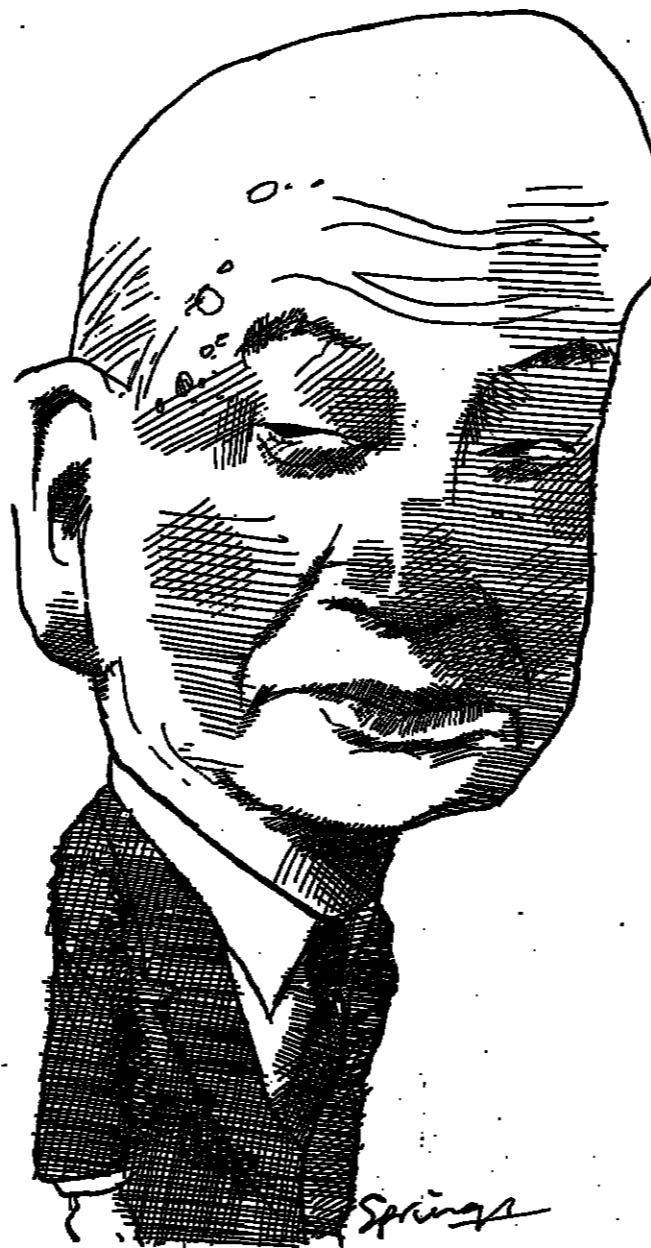
Charges that in using computers, too many people have forgotten that what matters is not the process but the result. Stigmatises the mindless use of word processors and the belief that because something is possible, it should be introduced. Pleads for greater awareness of how staff are affected by the introduction of information technology and attacks the lack of standardisation.

Growth in Mature Industries
R. W. Hearne in *The Journal of Business Strategy* (USA), Vol. 3 No. 2

Contends that businesses operating in mature markets should rebalance their portfolios, not by acquisition, but by research and innovation. Describes an analytical approach to developing an opportunities profile — considering users, competitors, technology, and profit sensitivity — and to creating an innovation budget and a market attainment plan. Stresses the need for understanding the industry life cycle as a basis for identifying suitable market entry strategies, and emphasises the importance of creating a dynamic management organisation to encourage innovation.

Direct Marketing
R. Dorsett and others in *Campaign* (UK), 3 Dec 82. Analyses the direct marketing scene in U.S. and predicts how it could develop in UK; sees a booming future for door-to-door delivery of direct marketing communications, and expounds the case for telephone selling.

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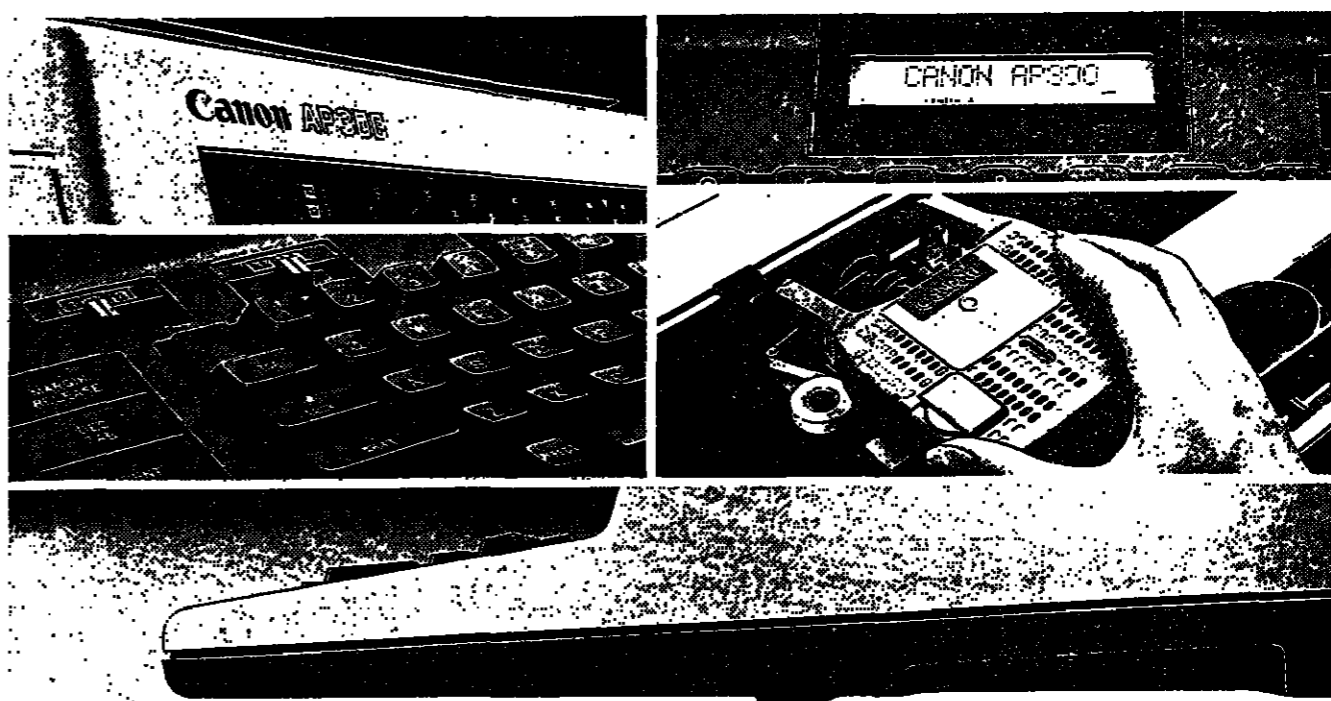
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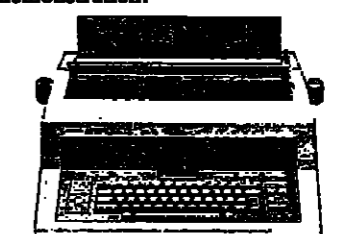
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130		9 1/2	5	—	18	20	—
L&M (*25B)							
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Lonrho (*28B)							
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P. & O. (*12B)							
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Vanl Reef ¹ *88a									
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PUTS									
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19	380	25	28	35	17	23	35		
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SECTION III - INTERNATIONAL MARKETS
FINANCIAL TIMES

Friday May 20 1983

WALL STREET

Shadow of
money data
looms anew

ANOTHER nervous trading session developed on Wall Street yesterday with turnover in both bonds and equities at low levels as investors awaited the next indication of the outlook for interest rates, writes Terry Byland in New York.

The stock market ran into a sudden bout of selling late in the day which drove prices down to their lowest levels of the session, leaving the Dow Jones average well below the 1,200 level.

Share prices had been weak at the beginning of the day but had attempted to rally at mid-session when selling died away for a time.

At the close, the Dow Jones industrial average was 12.19 points down at 1191.37 on 65.1m shares.

Earlier in the day IBM, 8% down at \$111.40, had been as low as \$110.00, and similar patterns were traced by General Electric, 1 1/2% down at \$104.00; Texas Instruments 1 1/4% down at \$148.00; General Motors, 3/4% lower at \$87; and Chrysler, 3/4% lower at \$20.75.

But Ford stood out among the major stocks with a gain of 5% to \$48.00 on news of a major contract from the Hertz car rental group.

Of the day's major corporate reports, shares in International Harvester, the troubled farm equipment group, slipped 3% to \$10.00 despite a reduced loss in the second quarter, while Alexander and Alexander - the insurance group still smarting from its acquisition of Alexander Howden, the UK insurance broking group - shed 3/4% to \$21.00 after the annual meeting was told of cuts in staff and salaries.

Shares in Firestone Tire held unchanged at \$22.00 despite higher profits in the second quarter, and Kroger was also unchanged at \$40.00.

A strong feature was Time, the publishing group, which jumped 3/4% to \$70 on its decision to spin off its forest products division to shareholders.

Falls among the oil stocks were limited to 3/4% or so. Exxon at \$33.00 shed 3/4% and Standard Oil of California at \$37.00 was 3/4% off.

Rail stocks held firm against the market trend. Union Pacific edged up by 3/4% to \$55.00 and CSX at \$68 lost only 3/4% of their recent gains.

The retail sector, which is considered vulnerable to any tightening of policies by the Fed should money supply continue to move higher, came in for some selling pressure.

Toys R Us, the largest speciality store group, lost 3/4% to \$58.00 while Woolworth was 3/4% at \$31.00 and Sears, boosted recently by its plans to expand further into financial services, gave up 1 1/4% to \$33.00.

In the credit markets, the disclosure of revised GNP figures for the first quarter served only to fuel the debate on whether the strength of the economic recovery is endangering the downward trend in interest rates.

Federal funds, the cost of short-term funds to the banks, remained firm at 8% per cent yesterday, but there were those in the market who held that a cut in the federal discount rate as a sweetener to the Williamsburg summit is still on the cards.

Fixed interest markets remained dull and paid little heed to a \$1.5bn customer repurchase arrangement by the Fed.

Longer dated federal bonds were generally firmer, headed by the benchmark long bond at 8 1/4% but dealers said there was no retail interest. Yields on Treasury bills added a few basis points, putting the three-month at 8.13 and the six-month at 8.23.

In a dull municipal sector, there was continued nervousness ahead of the outcome of the Washington Public Power Supply problem where a major default remains a possibility.

The corporate bond sector had a quiet session with no significant priceings to attract attention.

Weakness in Toronto, which set in from the outset, affected nearly all sectors but was most pronounced among the golds. Decline overall maintained a fairly narrow lead over advances, however. Industrials were the Montreal strong point, while banks and papers underwent modest mark-downs.

LONDON

Full steam
ahead for
speculators

AGGRESSIVE speculative buying of P & O in London again highlighted equity markets yesterday. Trading in the shipping line accounted for some 2.8 of an 8.6 rise in the Financial Times industrial ordinary index to 698.4.

P & O deferred advanced to 217p before closing a net 24p higher for a three-day surge of 62p to 214p. Trafalgar House, owner of Cunard and a new stakeholder in the rival group, eased 3p to 189p after touching 165p.

Bid speculation spilled over to other shipping issues - notably Ocean Transport, 12p higher at 108p, and Hunting-Gibson, 1p ahead at 98p.

Cheerful trading statements from leading companies such as Shell and Land Securities aided general sentiment, as did opinion polls showing a maintained Government lead over other political parties.

Interest in leading shares otherwise remained very selective. Tate and Lyle was favoured ahead of the interim figures, while revived bid speculation took Dunlop up 7p to 63p. Courtaulds edged higher awaiting today's preliminary figures.

Potential takeover candidates claimed most of the attention among secondary issues but interest overall remained at a fairly low level.

Government stocks once again remained out of the picture. Medium and long-dated issues traded on a quietly firm note to close with gains of 1/4 to 1/2. Against the trend, index-linked stocks continued out of favour and recorded fresh losses extending to 1/2.

Shell's first-quarter profits exceeded market estimates and the close was a net 14p up at 504p. Ultramar was in demand and, with stock in short supply, rose 17p to 355p. British Petroleum continued to edge forward and firmed 4p to 386p. Elsewhere, KCA International shed 5p to 47p on end-account profit-taking.

Elsewhere, London and Liverpool Trust dropped to 140p on renewed worries concerning its Televiewer video subsidiary before rallying strongly to finish 6p better on balance at 170p.

Polly Peck lost 1p to 16p on disappointment with the interim results. BICC fell 7p to 233p after 228p while Racal gained 16p to 497p.

Share information service, Pages 42-43

AUSTRALIA

Quiet prelude

THIN and nervous Sydney trading preceded the federal economic statement which came after the close, with industrials worst affected, while golds were strong in the face of a lower bullion price and other resources had a mixed showing.

EZ Industries rose 20 cents to A\$8.10, BHP 8 cents to A\$8.44 and Pancontinental 5 cents to A\$1.45 but Vamgas shed 10 cents to A\$8.10.

Of the banks ANZ at A\$4.26 and National Australian at A\$2.88 each lost 4 cents.

SOUTH AFRICA

Golds off lows

AN AFTERNOON upturn for Johannesburg golds trimmed earlier losses in most cases to a rand or less.

Mining houses and financials were generally better. Anglovaal added R1.50 to R75.50 and Anglo-American five cents to R26.80 but JCI (Johnnies) shed R1 to R167.

In firm industrials Rennie came back 50 cents to R10.75, halting a strong run earlier this week.

FAR EAST

Second-line
again at
Tokyo fore

BLUE CHIPS resumed their downward path of the past week in Tokyo yesterday after a one-day respite, but gains among shares of smaller companies were widespread, if muted in extent.

This was reflected in divergent movements by the two main market indicators: the Nikkei-Dow Jones market average, charting the course of the leaders, relinquished 14.42 of Wednesday's 26.82 upturn to end at 8,584.42 while the broader stock exchange index firmed 0.28 to 632.03.

Although volume improved from 310m to 330m shares, dealers said sentiment was being restrained by uncertainty over U.S. interest rate trends and the associated impact on the yen-dollar rate.

Foreign buying assisted an initial 11-point advance in the Nikkei-Dow, but this was quick to collapse. One broker described investors' focus as "blurry", and two-way trading pervaded much of the market.

Office automation and related issues benefited from expectations of increased sales as companies moved into computer-aided design and manufacturing (Cad-Cam) systems. Nippon Univac advanced an active Y102 to Y1,020, Kokuyo Y63 to Y1,000 and Brother Y22 to Y737.

News that machinery orders in March had recorded the first year-on-year increase for 14 months took Tsugami Y65 higher to Y455, Washino Y16 to Y270 and Toshiba Machine Y6 to Y490, and electronic component issues also firmed.

But of the leaders Fuji Photo slipped Y30 to Y1,840, Sony Y10 to Y3,650, Canon the same amount to Y1,350 and Hitachi Y9 to Y776.

Government bond prices recovered some morning losses but yields added about four basis points at the long end.

Sporadic overseas selling, prompted by the enduring weakness in the Hong Kong dollar, overcame the positive effects of bargain-hunting to take the Hang Seng index 5.24 lower at 928.22 in quiet dealings.

Falls of 10 cents were recorded in Hongkong Electric at HK\$5.35 and Jardine Matheson at HK\$13.10 while Cheung Kong at HK\$8.10 and Hongkong Bank at HK\$7.85 were each five cents cheaper. But Swire Pacific A managed a 10 cent improvement to HK\$12.50 and Hongkong Land held steady at HK\$3.90.

Modest profit taking had a similar effect in Singapore, pulling the Straits Times industrial index 12.48 lower to 935.40 and providing 25 cent losses for Fraser and Neave at S\$8.80, Malayan Cement at S\$7.90 and National Iron at S\$6.90.

Activity was most prominent among the speculative issues, where Faber Merlin in hotels slipped 6 cents to S\$2.37 but property issue Bandar Raya added 2 cents to S\$2.53.

Public Bank, a sharp gainer in recent days, fell 25 cents to S\$9.40 after it told the Kuala Lumpur exchange it knew of no reason for the rise.



EUROPE

Results are
reason for
resilience

A WAVERING Wall Street left the European bourses for the most part reliant yesterday on the stimuli of trading statements and forecasts from prominent individual companies. These in general were modestly optimistic, but not always sufficient to lift the market as a whole.

For Frankfurt, a tapering off of Wednesday's rally left the Commerzbank index just 1.1 higher at 937.8 put provided DM 1.50 gains for BMW at DM 333 and Daimler-Benz at DM 544.50 after the car makers predicted favourable 1983 results.

The same selectivity was apparent in the engineering sector, where Linde jumped DM 5 to DM 402 after reporting a boost in order inflow, while KHD slipped DM 4.80 to DM 262.20.

Domestic bond prices fell amid interest rate uncertainty, and the Bundesbank bought DM 58.8m in public paper, up from Wednesday's DM 18.1m worth.

Disappointment in Amsterdam with first-quarter results from Philips pulled its stock FI 3.10 lower to FI 44.80, while Royal Dutch, which improved earnings for the period, moved up 80 cents to FI 119.50.

A slight Stockholm reverse followed Wednesday's closure in order to help clear a backlog of dealings. But Boliden, the minerals group which reported an impressive profits resurgence, gained SKr 10 to SKr 433. Vehicles were well supported, with SKr 4 rises for Volvo B at SKr 520 and Saab-Scania at SKr 339.

A Milan rally after a succession of dull sessions was led by Fiat, up L96 to L2,850 ahead of a board meeting today at which a positive 1982 results picture is expected. The financial sector did well, too. Toro Assicurazioni picked up L1,400 to L12,400 and Banca Commerciale L700 to L29,200. The bank's index for the market added 2.47 to 192.78.

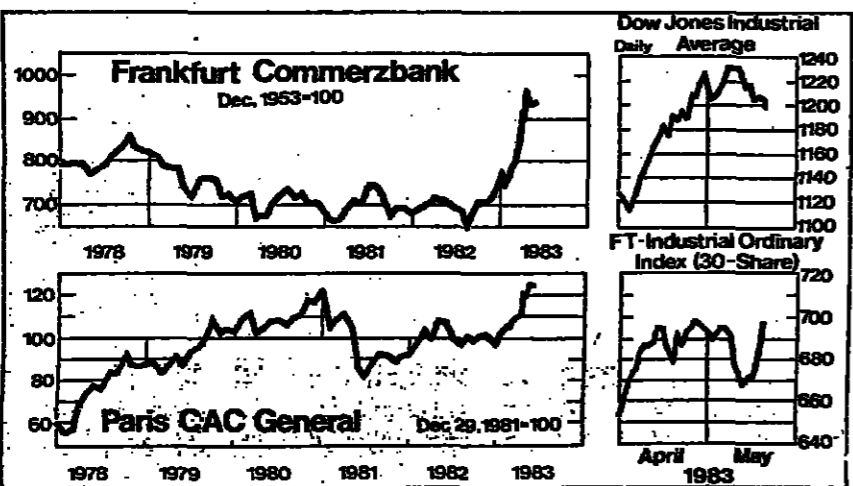
Industrials were favoured in a mixed Zurich, where Sandoz strengthened SwFr 75 to SwFr 5,025 and Brown Boveri - ahead of its annual press conference - firmed SwFr 15 to SwFr 1,215 after initial weakness. Bonds held quietly steady.

The commanding heights reached by the dollar against the franc distressed Paris, although gains of FFf 13 were to be found in Valeo at FFf 302 and FFf 24 for CIT-Alcatel at FFf 1,114. Matra dipped FFf 30 to FFf 1,380.

Meanwhile, the Bank of France sold SwFr 3.1bn in floating-rate two-month Treasury bills at tender, the bulk of which were allocated fractionally below the average call money rate. The sale was four times oversubscribed.

Worries in Brussels over the future of steelmaker Cockerill-Sambre took its stock BFr 2 lower to BFr 106 and depressed sentiment generally, according to dealers. But Arbed added BFr 22 to BFr 1,084.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	May 19	Previous	Year ago
DJ Industrials	1191.37	1203.55	835.9
DJ Transport	538.07	542.89	334.8
DJ Utilities	128.74	129.48	113.41
S&P Composite	161.99	163.27	114.88

LONDON	May 19	Previous	Year ago
FT Ind Ord	698.4	689.8	554.4
FT-A All-shares	427.95	424.55	324.02
FT-A 500	484.94	481.30	352.27
FT-A Ind	428.21	425.57	316.69
FT Gold mines	680.8	684.4	248.9
FT Govt secs	90.57	90.61	68.03

TOKYO	May 19	Previous	Year ago
Nikkei-Dow	8584.82	8598.84	7572.15
Tokyo SE	632.03	631.75	582.07

AUSTRALIA	May 19	Previous	Year ago
All Ord	607.3	608.6	514.0
Metals & Mins.	541.4	540.8	378.2

AUSTRIA	May 19	Previous	Year ago
Credit Aktien	57.6	57.56	52.20

BELGIUM	May 19	Previous	Year ago
Belgian SE	121.37	121.57	93.37

CANADA	May 19	Previous	Year ago
Toronto Composite	2402.5	2430.5	1521.1
Montreal Industrials	413.99	418.14	281.35
Combined	398.53	402.97	263.25

DENMARK	May 19	Previous	Year ago
Copenhagen SE	141.29	143.04	91.76

FRANCE	May 19	Previous	Year ago
CAC Gen	124.7	124.8	109.8
Ind. Tendance	128.2	128.0	122.3

WEST GERMANY	May 19	Previous	Year ago
FAZ-Aktien	314.11	313.06	229.22
Commerzbank	937.8	938.7	698.5

HONG KONG	May 19	Previous	Year ago
Hang Seng	928.22	933.46	1360.10

ITALY	May 19	Previous	Year ago
Banca Comm.	192.76	190.26	186.23

NETHERLANDS	May 19	Previous	Year ago
ANP-CBS Gen	124.1	126.0	93.6
ANP-CBS Ind	102.4	103.9	73.6

NORWAY	May 19	Previous	Year ago
Oslo SE	192.57	192.75	111.84

SINGAPORE	May 19	Previous	Year ago
Straits Times	935.4	947.8	778.24

SOUTH AFRICA	May 19	Previous	Year ago
Golds	960.4	965.3	418.7
Industrials	960.2	953.0	573.6

SPAIN	May 19	Previous	Year ago
Madrid SE	115.18	114.84	121.27

SWEDEN	May 19	Previous	Year ago
J & P	488.55	484.25	587.76

SWITZERLAND	May 19	Previous	Year ago
Swiss Bank Corp	325.3	326.7	257.4

WORLD	May 19	Previous	Year ago
Capital Int'l	177.0	176.6	138.9

GOLD (per ounce)

	May 19	Previous	Year ago
London	\$440.50	\$443.50	
Frankfurt	\$442.50	\$442.75	
Zurich	\$442.50	\$443.50	
Paris (thru)	\$440.09	\$441.78	
New York (May)	\$436.30	\$440.10	

* indicates latest pre-close figure

CURRENCIES

U.S. DOLLAR	May 19	Previous	Year ago
£	1.5540	1.5590	
DM	2.4785	2.4610	3.850
Yen	234.45	232.50	364.50
FFf	7.4435	7.4025	11.5650
SwFr	2.0710	2.0460	3.22
Guilder	2.7825	2.7665	4.3250
Lira	1474.50	1464.75	2290.50
Bfr	49.39	49.13	76.75
CS	1.23275	1.23075	1.9155

INTEREST RATES	May 19	Prev	Year ago
3-month U.S.\$	8%	8%	
6-month U.S.\$	8%	8%	
U.S. Fed Funds	8%	8%	
U.S. 3-month CDs	8.70	8.60	
U.S. 3-month T-bills	8.16	8.11	

FT London Interbank fixing	May 19	Prev	Year ago
3-month U.S.\$	8%	8%	
6-month U.S.\$	8%	8%	
U.S. Fed Funds	8%	8%	
U.S. 3-month CDs	8.70	8.60	
U.S. 3-month T-bills	8.16	8.11	

U.S. Treasury Bonds	May 19	Prev	Year ago
9% 1985	99 1/2	95	99 1/2
10% 1990	100 1/2	103	100 1/2
10% 1995	97 1/2	104	98 1/2
10% 2012	98 1/2	103	98 1/2

FINANCIAL FUTURES	May 19	Prev	Year ago
CHICAGO	Latest	High	Low
U.S. Treasury Bonds (CBT)	76-15	77-11	76-25
U.S. Treasury Bills (IMM)	91-58	91-78	91-58
U.S. Treasury Notes (IMM)	91-18	91-32	91-18

LONDON	May 19	Prev	Year ago
Three-month Eurodollar	91-02	91-08	91-02
20-year National Debt	104-03	104-03	103-23

LONDON COMMODITY MARKETS	May 19	Prev	Year ago
Silver (spot fixing)	862.85p	855.35p	
Copper (cash)	£1142.75	£1147.00	
Coffee (May)	£1958.50	£1954.50	
Oil (spot Arabian light)	\$28.32	\$28.25	

WEST GERMANY	May 19	Prev	Year ago
Producer Prices	100	100	100

WEST GERMANY	May 19	Prev	Year ago
Consumer Prices	100	100	100

WEST GERMANY	May 19	Prev	Year ago
Industrial Production	100	100	100

WEST GERMANY	May 19	Prev	Year ago
Unemployment	100	100	100

WEST GERMANY	May 19	Prev	Year ago
Government Budget	100	100	100

WEST GERMANY	May 19	Prev	Year ago
Trade Balance	100	100	100

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JUNE 23

1. Introduction The Gold Market prospects for Gold price movements in the year ahead, etc.
2. Gold in the World Monetary System
3. Futures markets
4. London bullion brokers
5. Production
6. Demand
7. Coins
8. Mining shares

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

[illegible]

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

[illegible]

Safe figures are uncollected Yearly highs and lows reflecting previous 50 weeks plus the current week, but not the last trading day. Where a split or stock dividend amounting to per cent or more has been paid, the year's high-low range also includes the high-low range of the new shares so created. Notes: rates of dividends are annual disbursements based on the latest declaration.

a=dividend also extra(s) b=annual rate of dividend per stock dividend. c=liquidating dividend cld-called. d=new-year low. e=dividend declared or paid in preceding 12 months. f=dividend declared in preceding 12 months. g=dividend declared after split-up or stock dividend. h=paid this year. omitted, deferred, or no action taken at latest date. i=dividend declared or paid this year. at least cumulative. j=dividend declared in preceding 12 months. k=dividend declared in preceding 12 months. l=dividend declared in preceding 12 months. m=dividend declared in preceding 12 months. n=dividend declared in preceding 12 months. o=dividend declared in preceding 12 months. p=dividend declared in preceding 12 months. q=dividend declared in preceding 12 months. r=dividend declared in preceding 12 months. s=dividend declared in preceding 12 months. t=dividend declared in preceding 12 months. u=dividend declared in preceding 12 months. v=dividend declared in preceding 12 months. w=dividend declared in preceding 12 months. x=dividend declared in preceding 12 months. y=dividend declared in preceding 12 months. z=dividend declared in preceding 12 months.

COMMODITIES AND AGRICULTURE

Proposed fishing quotas would cut cod and mackerel catches

BY LARRY KLINGER IN BRUSSELS

THE European Commission is proposing 1983 fishing quotas for the EEC's most valuable species which would substantially reduce cod and mackerel catches.

The Commission is also expected to propose the reopening of herring fishing in the northern and central North Sea areas where it has been banned for six years to replenish stocks.

Officials yesterday spelled out the details for this year's proposed share-out for the main species on the basis of the January agreement by the EEC 10 member-states which finally established a Common Fisheries Policy (CFP) after nearly seven years of negotiation.

This gave Britain more than 35 per cent of the total catch, Denmark around 25 per cent, France and West Germany about 11 per cent each, with the remainder shared by Ireland, Belgium and the Netherlands.

In proposing reduced quotas for cod and mackerel—from around 500,000 to 311,000 tonnes and 375,000 to 265,000 tonnes respectively—the Commission avoided comment on possible past overfishing. Officials said

1983 QUOTA PROPOSALS (Main species in 1,000 tonnes with 1972 levels in brackets)				
	EEC W Germany	France	UK	Denmark
Cod	511.3 (522.1)	82.5 (76.1)	31.6 (14.1)	22.9 (21.2)
Haddock	195.8 (201.7)	7.1 (7.4)	18.4 (18.3)	17.9 (19.5)
Saithe	93.0 (101.1)	15.6 (16.3)	5.2 (5.9)	5.5 (6.0)
Whiting	285.5 (285.5)	4.4 (4.4)	40.4 (41.6)	36.9 (36.9)
Plaice	158.9 (158.9)	7.6 (7.6)	5.6 (5.6)	39.2 (40.0)
Mackerel	375.0 (375.0)	16.5 (16.5)	11.0 (12.0)	4.4 (4.4)

*Figures are rounded and do not add to totals

simply that the latest scientific evidence shows that recent quotas have proved too generous.

The proposed overall cod catch is being reduced in most EEC waters, including areas off Scotland, England and Ireland, as well as in the North Sea.

For mackerel, the Commission said that its proposed cut in catch would be even lower if it had not been possible to remove a ban in a zone near Denmark for 6,500 tonnes.

On the other hand, the Com-

mission said that it could increase the proposed total catch by 42,000 tonnes if the member-states would agree to widen the area off the south-west of England where mackerel fishing is banned for conservation reasons between March 1 and November 15.

Meanwhile, the Commission is hoping, pending talks with Norway on jointly controlled stocks, to propose lifting by the first of next month the herring ban in the northern and central North Sea, where scientific evidence suggests around 82,000 tonnes can now be taken.

Stabex cash aid demand rejected

BRUSSELS — The EEC has rejected demands from developing countries for an extra \$500m under its Stabex programme to help offset the effects of a collapse in world commodity prices in 1980-81, Reuters reports.

Diplomats said the refusal, after two days of talks, could jeopardise future relations between the Community and 63 African, Caribbean and Pacific (ACP) states.

The ACP countries asked for the money to offset a slump in export earnings in 1980 and 1981 when the world recession hit prices for commodities such as coffee and cocoa.

The Community said it would not agree to increase the amount available because the shortfall was caused by freak conditions and recent improvement in world prices should lead to better export earnings for the rest of the present agreement, which expires in 1985.

Mr. DANIEL ARISTY, EEC Agriculture and commodity programmes. He will be formally sworn in on Monday.

The ACP countries are considering selling notice, a dark green fish that tastes like cod. Of 30 live specimens brought from the South Atlantic for scientific analysis, only six survived. The rest died of seasickness.

THE INTERNATIONAL Natural Rubber Organisation is to store rubber in four Bangkok warehouses.

ARGENTINE Ministers have been told to draw up emergency plans to deal with severe flooding in the north east.

THE UNITED STATES has agreed to lead El Salvador \$7.5m to import rice and corn.

THAILAND, Indonesia and Malaysia will sign in Bangkok on June 6 an agreement to form a new Association of Tin Producing Countries.

Ghana unrest triggers three-year cocoa high

BY RICHARD MOONEY

New worries about Ghanaian civil unrest there, boosted London futures value to three-year highs yesterday.

Against a background of continuing concern about drought and fire damage in West African growing areas, reports of widespread demonstrations and threatened strikes over the recent tough Ghanaian budget prompted a \$39 rise to \$1,406.50 in the July futures position.

The weakness of sterling also provided some upward pressure, as it did in other

soft commodity markets.

Currency considerations and other technical factors were quoted by dealers as the main reasons for a \$14 rise which took the July coffee futures price to \$1,652 a tonne.

The world sugar market also rose, resuming the upsurge which was interrupted by Wednesday's fall. In the morning, the London daily raws price was fixed \$6 higher at \$152 a tonne and the October position on the London futures market closed \$24.75 up at \$172.625 a tonne.

Sugar's rise was encouraged by reports that Cuba had asked Japanese importers to agree to a delay in shipment of 165,000 tonnes contracted for June/December delivery.

The buyers had earlier been asked to accept supplies from other sources because of flood damage to the Cuban crop. The delay request was seen as indicating that Cuba had been unable to secure covering supplies.

Coffee prices should ease over the next year, while the price of cocoa should hold stable at last

year's levels, according to executive board members of Nestle-Gruppe, Deutschland GMBH, reports Reuters from Frankfurt.

Herr Rudolf Bessie said that, barring damage to crops, he expects coffee prices to ease due to an anticipated fall in the dollar during the course of the year.

Herr Gregor Fohl said cocoa prices should stay at last year's levels in the rest of 1983 because a 50,000 tonne fall in world production has been offset by the weakness of sterling in the past six months.

Weather blights European harvest prospects

EEC harvest prospects are poor unless there is a change to drier and sunnier weather. Reports from France, Germany and Holland tell of flooded fields, delayed planting and a general lack of the growth normally to be expected at this time of year.

The one exception appears to be the winter wheat crop which, like that of much in Britain, is extremely lush and well grown, even where it looks as if there are fears that it is too "proud".

So far, the cool temperatures have delayed the onset of diseases which could develop during a sudden warm and humid spell, but disease prevention by chemicals depends on dry almost windless weather. In many places, even weed control has fallen far behind.

Generally, the best of the autumn sown cereals are on the lightest land where the waterlogging was not serious enough to drown the plants.

Spring-sown cereals have suffered quite badly, in some areas of Britain. On the Continent, sowings are not yet complete and establishment of many earlier sown fields has been precarious.

certain to lead to reduced yields.

It is worth mentioning that the French wheat and cereal trade is in some difficulty. The sale of subsidised U.S. flour to Egypt has had a serious repercussions on the French milling industry, which according to some sources is in deep trouble.

Moreover, the feed compounding industry, is finding

This is bound to affect quantity and quality of next winter's fodder.

Grass quality is quite obviously affecting numbers of lambs being marketed. No animals thrive with permanently wet skins and they lack the bloom of perfect health which indicates laying on flesh and fat.

This could be one reason for the sudden lift in the prices of new season lambs and a consequent rise in pig prices on the livestock markets, a rise which has not yet been seen in the much larger deadweight sector.

The overall effect of the weather is unlikely to make a significant difference to most food supplies, except potatoes which could become very expensive. Should the cereal harvest be reduced, the first casualty could be the wheat market which is expected to absorb 4.5m tonnes this year — about 20 per cent of the crop. Any reduction in exports would reduce the demands on the EEC budget and could, incidentally, turn around the British new export sales into expensive white elephants.

Metallgesellschaft raises zinc price

BY OUR COMMODITIES STAFF

A RISE in the European zinc producer price from \$750 to \$780 a tonne was announced yesterday by West German smelters, Metallgesellschaft.

Other producers are expected to follow suit quickly, although some are reported to be considering a bigger increase. However, a spokesman for British producer, AM & S (Europe), described the rise to \$480 as a "sensible move" in that \$480 was achievable in the market and would avoid the need for discounting that might result from moving to a higher level.

The London Metal Exchange cash price for zinc yesterday rose by \$3.75 to \$480.75 a tonne — the equivalent at current exchange rates, of about 10p a lb.

The European zinc producer price was cut in February from \$800 to \$750 a tonne, but a catch-up has been expected since U.S. producers raised their domestic prices in April.

LME zinc values have been boosted recently by Chinese buying. Last night it was con-

firmed that Cominco workers in Western Canada had voted overwhelmingly in favour of giving a strike mandate to union representatives involved in negotiating the terms of new labour contracts.

A sudden decline on Wall Street, and New York metal markets, wiped out early gains in London metals. Three months high-grade copper closed \$3.5 lower at \$1,172.50 a tonne after topping \$1,181 earlier in the day.

PRICE CHANGES

In tonnes unless stated otherwise	May 19 1983	+ or -	Month ago
Metals			
Aluminium	\$280		
Cash 100 lb	\$148.75	-4.25	\$153.00
Copper			
Cash 100 lb	\$210.00		
3 months	\$210.00		
5 months	\$210.00		
Lead			
Cash 100 lb	\$210.00		
3 months	\$210.00		
5 months	\$210.00		
Nickel			
Cash 100 lb	\$210.00		
3 months	\$210.00		
5 months	\$210.00		
Platinum			
Cash 100 lb	\$210.00		
3 months	\$210.00		
5 months	\$210.00		
Tin			
Cash 100 lb	\$210.00		
3 months	\$210.00		
5 months	\$210.00		
Wolfram			
Cash 100 lb	\$210.00		
3 months	\$210.00		
5 months	\$210.00		
Producers			

LONDON OIL SPOT PRICES

CRUDE OIL—FOB (per barrel)	Latest	Change
Arabian Light	\$29.50	+0.07
Arabian Heavy	\$29.50	+0.07
North Sea (Brent)	\$29.50	+0.07
North Sea (Brent)	\$29.50	+0.07
North Sea (Brent)	\$29.50	+0.07
Producers—North West Europe		
Oil (per tonne)		
Premium gasoline	\$29.50	+0.07
Gas oil	\$29.50	+0.07
Heavy fuel oil	\$29.50	+0.07

GOLD MARKETS

Gold fell \$3 to \$440.44 in the London bullion market. It opened at \$439.10, rose to \$440.44 in the morning, and \$442.50 in the afternoon. The metal touched a peak of \$442.44, and a low of \$439.44.

In Paris the 12 1/2 kilo gold bar was fixed at FF 102,500 per kilo (\$440.44 per ounce), against FF 102,500 (\$440.44) in the morning, and FF 102,500 (\$441.78) Wednesday afternoon.

In Frankfurt the 12 1/2 kilo bar was fixed at DM 35,130 per kilo (\$441.78 per ounce), against DM 35,080 (\$443.73), and closed at \$442.44, compared with \$442.44.

LONDON FUTURES

dio (\$440.09 per ounce) in the afternoon, compared with PFr of \$406.250 (\$440.29) in the morning	Month	Year's run close	+ or -	Business Done
and PFr 105.200 (\$441.78) Wednesday afternoon.		\$ per troy ounce		
In Frankfurt the 12 1/2 kilo bar was fixed at DM 35.70 per ounce, against DM 35.60 (\$443.73), and closed at \$442.43, compared with \$442.1-\$443.1.	May	\$28.00-\$31.2-\$29.00	—	—
	June	\$28.00-\$31.2-\$29.00	—	—
	July	\$28.00-\$31.2-\$29.00	—	—
	Aug.	\$28.00-\$31.2-\$29.00	—	—
	Sept.	\$28.00-\$31.2-\$29.00	—	—
	Oct.	\$28.00-\$31.2-\$29.00	—	—
	Nov.	\$28.00-\$31.2-\$29.00	—	—
	Dec.	\$28.00-\$31.2-\$29.00	—	—
	Jan.	\$28.00-\$31.2-\$29.00	—	—
	Feb.	\$28.00-\$31.2-\$29.00	—	—
	Mar.	\$28.00-\$31.2-\$29.00	—	—
	Apr.	\$28.00-\$31.2-\$29.00	—	—
	May	\$28.00-\$31.2-\$29.00	—	—
	June	\$28.00-\$31.2-\$29.00	—	—
	July	\$28.00-\$31.2-\$29.00	—	—
	Aug.	\$28.00-\$31.2-\$29.00	—	—
	Sept.	\$28.00-\$31.2-\$29.00	—	—
	Oct.	\$28.00-\$31.2-\$29.00	—	—
	Nov.	\$28.00-\$31.2-\$29.00	—	—
	Dec.	\$28.00-\$31.2-\$29.00	—	—
	Jan.	\$28.00-\$31.2-\$29.00	—	—
	Feb.	\$28.00-\$31.2-\$29.00	—	—
	Mar.	\$28.00-\$31.2-\$29.00	—	—
	Apr.	\$28.00-\$31.2-\$29.00	—	—
	May	\$28.00-\$31.2-\$29.00	—	—
	June	\$28.00-\$31.2-\$29.00	—	—
	July	\$28.00-\$31.2-\$29.00	—	—
	Aug.	\$28.00-\$31.2-\$29.00	—	—
	Sept.	\$28.00-\$31.2-\$29.00	—	—
	Oct.	\$28.00-\$31.2-\$29.00	—	—
	Nov.	\$28.00-\$31.2-\$29.00	—	—
	Dec.	\$28.00-\$31.2-\$29.00	—	—
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	Mar.	\$28.00-\$31.2-\$29.00	—	—
	Apr.	\$28.00-\$31.2-\$29.00	—	—
	May	\$28.00-\$31.2-\$29.00	—	—
	June	\$28.00-\$31.2-\$29.00	—	—
	July	\$28.00-\$31.2-\$29.00	—	—
	Aug.	\$28.00-\$31.2-\$29.00	—	—
	Sept.	\$28.00-\$31.2-\$29.00	—	—
	Oct.	\$28.00-\$31.2-\$29.00	—	—
	Nov.	\$28.00-\$31.2-\$29.00	—	—
	Dec.	\$28.00-\$31.2-\$29.00	—	—
	Jan.	\$28.00-\$31.2-\$29.00	—	—
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	Mar.	\$28.00-\$31.2-\$29.00	—	—
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	June	\$28.00-\$31.2-\$29.00	—	—
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	Apr.	\$28.00-\$31.2-\$29.00	—	—
	May	\$28.00-\$31.2-\$29.00	—	—
	June	\$28.00-\$31.2-\$29.00	—	—
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	Mar.	\$28.00-\$31.2-\$29.00	—	—
	Apr.	\$28.00-\$31.2-\$29.00	—	—
	May	\$28.00-\$31.2-\$29.00	—	—
	June	\$28.00-\$31.2-\$29.00	—	—
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	Sept.	\$28.00-\$31.2-\$29.00	—	—
	Oct.	\$28.00-\$31.2-\$29.00	—	—
	Nov.	\$28.00-\$31.2-\$29.00	—	—
	Dec.	\$2		

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BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611
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OIL AND GAS—Continued

[illegible]

E434	E324	Western Deep R2 ...	E424	+1	U35c	2.0	5.5
E104	769	Zandpan R1	997	+4	#2110c	1.0	4

O.F.S.						
725	1110	Free State Dev. Soc.	625	1077	2.1	4.5
726	1111	Free State Dev. Soc.	626	1078	2.1	4.5
727	1112	Free State Dev. Soc.	627	1079	2.1	4.5
728	1113	Free State Dev. Soc.	628	1080	2.1	4.5
729	1114	Free State Dev. Soc.	629	1081	2.1	4.5
730	1115	Free State Dev. Soc.	630	1082	2.1	4.5
731	1116	Free State Dev. Soc.	631	1083	2.1	4.5
732	1117	Free State Dev. Soc.	632	1084	2.1	4.5
733	1118	Free State Dev. Soc.	633	1085	2.1	4.5
734	1119	Free State Dev. Soc.	634	1086	2.1	4.5
735	1120	Free State Dev. Soc.	635	1087	2.1	4.5
736	1121	Free State Dev. Soc.	636	1088	2.1	4.5
737	1122	Free State Dev. Soc.	637	1089	2.1	4.5
738	1123	Free State Dev. Soc.	638	1090	2.1	4.5
739	1124	Free State Dev. Soc.	639	1091	2.1	4.5
740	1125	Free State Dev. Soc.	640	1092	2.1	4.5
741	1126	Free State Dev. Soc.	641	1093	2.1	4.5
742	1127	Free State Dev. Soc.	642	1094	2.1	4.5
743	1128	Free State Dev. Soc.	643	1095	2.1	4.5
744	1129	Free State Dev. Soc.	644	1096	2.1	4.5
745	1130	Free State Dev. Soc.	645	1097	2.1	4.5
746	1131	Free State Dev. Soc.	646	1098	2.1	4.5
747	1132	Free State Dev. Soc.	647	1099	2.1	4.5
748	1133	Free State Dev. Soc.	648	1100	2.1	4.5
749	1134	Free State Dev. Soc.	649	1101	2.1	4.5
750	1135	Free State Dev. Soc.	650	1102	2.1	4.5
751	1136	Free State Dev. Soc.	651	1103	2.1	4.5
752	1137	Free State Dev. Soc.	652	1104	2.1	4.5
753	1138	Free State Dev. Soc.	653	1105	2.1	4.5
754	1139	Free State Dev. Soc.	654	1106	2.1	4.5
755	1140	Free State Dev. Soc.	655	1107	2.1	4.5
756	1141	Free State Dev. Soc.	656	1108	2.1	4.5
757	1142	Free State Dev. Soc.	657	1109	2.1	4.5
758	1143	Free State Dev. Soc.	658	1110	2.1	4.5
759	1144	Free State Dev. Soc.	659	1111	2.1	4.5
760	1145	Free State Dev. Soc.	660	1112	2.1	4.5
761	1146	Free State Dev. Soc.	661	1113	2.1	4.5
762	1147	Free State Dev. Soc.	662	1114	2.1	4.5
763	1148	Free State Dev. Soc.	663	1115	2.1	4.5
764	1149	Free State Dev. Soc.	664	1116	2.1	4.5
765	1150	Free State Dev. Soc.	665	1117	2.1	4.5
766	1151	Free State Dev. Soc.	666	1118	2.1	4.5
767	1152	Free State Dev. Soc.	667	1119	2.1	4.5
768	1153	Free State Dev. Soc.	668	1120	2.1	4.5
769	1154	Free State Dev. Soc.	669	1121	2.1	4.5
770	1155	Free State Dev. Soc.	670	1122	2.1	4.5
771	1156	Free State Dev. Soc.	671	1123	2.1	4.5
772	1157	Free State Dev. Soc.	672	1124	2.1	4.5
773	1158	Free State Dev. Soc.	673	1125	2.1	4.5
774	1159	Free State Dev. Soc.	674	1126	2.1	4.5
775	1160	Free State Dev. Soc.	675	1127	2.1	4.5
776	1161	Free State Dev. Soc.	676	1128	2.1	4.5
777	1162	Free State Dev. Soc.	677	1129	2.1	4.5
778	1163	Free State Dev. Soc.	678	1130	2.1	4.5
779	1164	Free State Dev. Soc.	679	1131	2.1	4.5
780	1165	Free State Dev. Soc.	680	1132	2.1	4.5
781	1166	Free State Dev. Soc.	681	1133	2.1	4.5
782	1167	Free State Dev. Soc.	682	1134	2.1	4.5
783	1168	Free State Dev. Soc.	683	1135	2.1	4.5
784	1169	Free State Dev. Soc.	684	1136	2.1	4.5
785	1170	Free State Dev. Soc.	685	1137	2.1	4.5
786	1171	Free State Dev. Soc.	686	1138	2.1	4.5
787	1172	Free State Dev. Soc.	687	1139	2.1	4.5
788	1173	Free State Dev. Soc.	688	1140	2.1	4.5
789	1174	Free State Dev. Soc.	689	1141	2.1	4.5
790	1175	Free State Dev. Soc.	690	1142	2.1	4.5
791	1176	Free State Dev. Soc.	691	1143	2.1	4.5
792	1177	Free State Dev. Soc.	692	1144	2.1	4.5
793	1178	Free State Dev. Soc.	693	1145	2.1	4.5
794	1179	Free State Dev. Soc.	694	1146	2.1	4.5
795	1180	Free State Dev. Soc.	695	1147	2.1	4.5
796	1181	Free State Dev. Soc.	696	1148	2.1	4.5
797	1182	Free State Dev. Soc.	697	1149	2.1	4.5
798	1183	Free State Dev. Soc.	698	1150	2.1	4.5
799	1184	Free State Dev. Soc.	699	1151	2.1	4.5
800	1185	Free State Dev. Soc.	700	1152	2.1	4.5
801	1186	Free State Dev. Soc.	701	1153	2.1	4.5
802	1187	Free State Dev. Soc.	702	1154	2.1	4.5
803	1188	Free State Dev. Soc.	703	1155	2.1	4.5
804	1189	Free State Dev. Soc.	704	1156	2.1	4.5
805	1190	Free State Dev. Soc.	705	1157	2.1	4.5
806	1191	Free State Dev. Soc.	706	1158	2.1	4.5
807	1192	Free State Dev. Soc.	707	1159	2.1	4.5
808	1193	Free State Dev. Soc.	708	1160	2.1	4.5
809	1194	Free State Dev. Soc.	709	1161	2.1	4.5
810	1195	Free State Dev. Soc.	710	1162	2.1	4.5
811	1196	Free State Dev. Soc.	711	1163	2.1	4.5
812	1197	Free State Dev. Soc.	712	1164	2.1	4.5
813	1198	Free State Dev. Soc.	713	1165	2.1	4.5
814	1199	Free State Dev. Soc.	714	1166	2.1	4.5
815	1200	Free State Dev. Soc.	715	1167	2.1	4.5
816	1201	Free State Dev. Soc.	716	1168	2.1	4.5
817	1202	Free State Dev. Soc.	717	1169	2.1	4.5
818	1203	Free State Dev. Soc.	718	1170	2.1	4.5
819	1204	Free State Dev. Soc.	719	1171	2.1	4.5
820	1205	Free State Dev. Soc.	720	1172	2.1	4.5
821	1206	Free State Dev. Soc.	721	1173	2.1	4.5
822	1207	Free State Dev. Soc.	722	1174	2.1	4.5
823	1208	Free State Dev. Soc.	723	1175	2.1	4.5
824	1209	Free State Dev. Soc.	724	1176	2.1	4.5
825	1210	Free State Dev. Soc.	725	1177	2.1	4.5
826	1211	Free State Dev. Soc.	726	1178	2.1	4.5
827	1212	Free State Dev. Soc.	727	1179	2.1	4.5
828	1213	Free State Dev. Soc.	728	1180	2.1	4.5
829	1214	Free State Dev. Soc.	729	1181	2.1	4.5
830	1215	Free State Dev. Soc.	730	1182	2.1	4.5
831	1216	Free State Dev. Soc.	731	1183	2.1	4.5
832	1217	Free State Dev. Soc.	732	1184	2.1	4.5
833	1218	Free State Dev. Soc.	733	1185	2.1	4.5
834	1219	Free State Dev. Soc.	734	1186	2.1	4.5
835	1220	Free State Dev. Soc.	735	1187	2.1	4.5
836	1221	Free State Dev. Soc.	736	1188	2.1	4.5
837	1222	Free State Dev. Soc.	737	1189	2.1	4.5
838	1223	Free State Dev. Soc.	738	1190	2.1	4.5
839	1224	Free State Dev. Soc.	739	1191	2.1	4.5
840	1225	Free State Dev. Soc.	740	1192	2.1	4.5
841	1226	Free State Dev. Soc.	741	1193	2.1	4.5
842	1227	Free State Dev. Soc.	742	1194	2.1	4.5
843	1228	Free State Dev. Soc.	743	1195	2.1	4.5
844	1229	Free State Dev. Soc.	744	1196	2.1	4.5
845	1230	Free State Dev. Soc.	745	1197	2.1	4.5
846	1231	Free State Dev. Soc.	746	1198	2.1	4.5
847	1232	Free State Dev. Soc.	747	1199	2.1	4.5
848	1233	Free State Dev. Soc.	748	1200	2.1	4.5
849	1234	Free State Dev. Soc.	749	1201	2.1	4.5
850	1235	Free State Dev. Soc.	750	1202	2.1	4.5
851	1236	Free State Dev. Soc.	751	1203	2.1	4.5
852	1237	Free State Dev. Soc.	752	1204	2.1	4.5
853	1238	Free State Dev. Soc.	753	1205	2.1	4.5
854	1239	Free State Dev. Soc.	754	1206	2.1	4.5
855	1240	Free State Dev. Soc.	755	1207	2.1	4.5
856	1241	Free State Dev. Soc.	756	1208	2.1	4.5
857	1242	Free State Dev. Soc.	757	1209	2.1	4.5
858	1243	Free State Dev. Soc.	758	1210	2.1	4.5
859	1244	Free State Dev. Soc.	759	1211	2.1	4.5
860	1245	Free State Dev. Soc.	760	1212	2.1	4.5
861	1246	Free State Dev. Soc.	761	1213	2.1	4.5
862	1247	Free State Dev. Soc.	762	1214	2.1	4.5
863	1248	Free State Dev. Soc.	763	1215	2.1	4.5
864	1249	Free State Dev. Soc.	764	1216	2.1	4.5
865	1250	Free State Dev. Soc.	765	1217	2.1	4.5
866	1251	Free State Dev. Soc.	766	1218	2.1	4.5
867	1252	Free State Dev. Soc.	767	1219	2.1	4.5
868	1253	Free State Dev. Soc.	768	1220	2.1	4.5
869	1254	Free State Dev. Soc.	769	1221	2.1	4.5
870	1255	Free State Dev. Soc.	770	1222	2.1	4.5
871	1256	Free State Dev. Soc.	771	1223	2.1	4.5
872	1257	Free State Dev. Soc.	772	1224	2.1	4.5
873	1258	Free State Dev. Soc.	773	1225	2.1	4.5
874	1259	Free State Dev. Soc.	774	1226	2.1	4.5
875	1260	Free State Dev. Soc.	775	1227	2.1	4.5
876	1261	Free State Dev. Soc.	776	1228	2.1	4.5
877	1262	Free State Dev. Soc.	777	1229	2.1	4.5
878	1263	Free State Dev. Soc.	778	1230	2.1	4.5
879	1264	Free State Dev. Soc.	779	1231	2.1	4.5
880	1265	Free State Dev. Soc.	780	1232	2.1	4.5
881	1266	Free State Dev. Soc.	781	1233	2.1	4.5
882	1267	Free State Dev. Soc.	782	1234	2.1	4.5
883	1268	Free State Dev. Soc.	783	1235	2.1	4.5
884	1269	Free State Dev. Soc.	784	1236	2.1	4.5
885	1270	Free State Dev. Soc.	785	1237	2.1	4.5
886	1271	Free State Dev. Soc.	786	1238	2.1	4.5
887	1272	Free State Dev. Soc.	787	1239	2.1	4.5
888	1273	Free State Dev. Soc.	788	1240	2.1	4.5
889	1274	Free State Dev. Soc.	789	1241	2.1	4.5
890	1275	Free State Dev. Soc.	790	1242	2.1	4.5
891	1276	Free State Dev. Soc.	791	1243	2.1	4.5
892	1277	Free State Dev. Soc.	792	1244	2.1	4.5
893	1278	Free State Dev. Soc.	793	1245	2.1	4.5
894	1279	Free State Dev. Soc.	794	1246	2.1	4.5
895	1280	Free State Dev. Soc.	795	1247	2.1	4.5
896	1281	Free State Dev. Soc.	796	1248	2.1	4.5
897	1282	Free State Dev. Soc.	797	1249	2.1	4.5
898	1283	Free State Dev. Soc.	798	1250	2.1	4.5
899	1284	Free State Dev. Soc.	799	1251	2.1	4.5
900	1285	Free State Dev. Soc.	800	1252	2.1	4.5
901	1286	Free State Dev. Soc.	801	1253	2.1	4.5
902	1287	Free State Dev. Soc.	802	1254	2.1	4.5
903	1288	Free State Dev. Soc.	803	1255	2.1	4.5
904	1289	Free State Dev. Soc.	804	1256	2.1	4.5
905	1290	Free State Dev. Soc.	805	1257	2.1	4.5
906	1291	Free State Dev. Soc.	806	1258	2.1	4.5
907	1292	Free State Dev. Soc.	807	1259	2.1	4.5
908	1293	Free State Dev. Soc.	808	1260	2.1	4.5
909	1294	Free State Dev. Soc.	809	1261	2.1	4.5
910	1295	Free State Dev. Soc.	810	1262	2.1	4.5
911	1296	Free State Dev. Soc.	811	1263	2.1	4.5
912	1297	Free State Dev. Soc.	812	1264	2.1	4.5
913	1298	Free State Dev. Soc.	813	1265	2.1	4.5
914	1299	Free State Dev. Soc.	814	1266	2.1	4.5
915	1300	Free State Dev. Soc.	815	1267	2.1	4.5
916	1301	Free State Dev. Soc.	816	1268	2.1	4.5
917	1302	Free State Dev. Soc.	817	1269	2.1	4.5
918	130					

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CURRENCIES; MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm on higher U.S. interest rates

The dollar continued to improve in this trading session as hopes of an early cut in U.S. interest rates receded. Euro-dollar rates rose by about 1/4 of a point, helping to underpin the dollar while fears of a further rise today in U.S. money supply also deterred any sizeable selling of the dollar.

Sterling was slightly firmer overall. It was a little weaker against the dollar but improved against other major currencies. Once again activity remained subdued ahead of next month's general election.

DOLLAR — Trade weighted index (Bank of England) 122.6 against 122.1 a month ago. The dollar has remained firm as recurring hopes of a steady reduction in the Federal Reserve discount rate have been repeatedly dashed. Signs of U.S. economic growth, however, threaten to disappoint the market, which has been hoping for a lowering of the discount rate ahead of the Williamsburg Summit.

The dollar closed at DM 2.4785 from DM 2.4610 against the Deutsche mark. It was also higher against the yen at ¥234.45 from ¥232.50 and reached a record closing level of FF 7.4435 against the French franc compared with Wednesday's close of FF 7.4025. Against the Swiss franc it rose to Sfr 2.0710 from Sfr 2.0460.

STERLING — Trading range against the dollar in 1983 is 1.245 to 1.4540. April average 1.3421. Trade weighted index 122.6 against 122.1 a month ago. In the morning and closing at 83.3 in the morning and closing at 83.3 a month ago. Sterling has been much steadier of late as oil price worries have faded into the background. Election nerves have left the pound looking vulnerable at times but the large lead of the Conservatives in the opinion polls is acting as a buffer.

Sterling opened at 1.5535, 1.5545 against the dollar and traded in a narrow 50 point range before closing unchanged at 1.5535.

Changes are for U.S. dollars; therefore positive change denotes a weaker currency. Adjustment calculated by Financial Times.

Currency		May 19		May 18		Divergence	
Currency		Rate		Rate		Limit	
Belgian Franc	44.9008	45.1023	+0.19	44.9008	45.1023	+0.19	45.1023
Danish Krone	8.46104	8.46104	0.00	8.46104	8.46104	0.00	8.46104
German D-Mark	2.3636	2.3636	0.00	2.3636	2.3636	0.00	2.3636
French Franc	6.55958	6.55958	0.00	6.55958	6.55958	0.00	6.55958
Italian Lira	1,936.27	1,936.27	0.00	1,936.27	1,936.27	0.00	1,936.27
Japanese Yen	236.36	236.36	0.00	236.36	236.36	0.00	236.36
Netherlands Guilder	2.3636	2.3636	0.00	2.3636	2.3636	0.00	2.3636
Portuguese Escudo	200.484	200.484	0.00	200.484	200.484	0.00	200.484
Spanish Peseta	166.637	166.637	0.00	166.637	166.637	0.00	166.637
Swedish Krona	4.66337	4.66337	0.00	4.66337	4.66337	0.00	4.66337
Swiss Franc	2.0710	2.0710	0.00	2.0710	2.0710	0.00	2.0710
U.S. Dollar	1.0000	1.0000	0.00	1.0000	1.0000	0.00	1.0000

Based on trade weighted average from Washington against Deutsche Mark 1971. Bank of England Index (base average)

EMS EUROPEAN CURRENCY UNIT RATES

Currency		May 19		May 18		Divergence	
Currency		Rate		Rate		Limit	
Belgian Franc	44.9008	45.1023	+0.19	44.9008	45.1023	+0.19	45.1023
Danish Krone	8.46104	8.46104	0.00	8.46104	8.46104	0.00	8.46104
German D-Mark	2.3636	2.3636	0.00	2.3636	2.3636	0.00	2.3636
French Franc	6.55958	6.55958	0.00	6.55958	6.55958	0.00	6.55958
Italian Lira	1,936.27	1,936.27	0.00	1,936.27	1,936.27	0.00	1,936.27
Japanese Yen	236.36	236.36	0.00	236.36	236.36	0.00	236.36
Netherlands Guilder	2.3636	2.3636	0.00	2.3636	2.3636	0.00	2.3636
Portuguese Escudo	200.484	200.484	0.00	200.484	200.484	0.00	200.484
Spanish Peseta	166.637	166.637	0.00	166.637	166.637	0.00	166.637
Swedish Krona	4.66337	4.66337	0.00	4.66337	4.66337	0.00	4.66337
Swiss Franc	2.0710	2.0710	0.00	2.0710	2.0710	0.00	2.0710
U.S. Dollar	1.0000	1.0000	0.00	1.0000	1.0000	0.00	1.0000

Based on trade weighted average from Washington against Deutsche Mark 1971. Bank of England Index (base average)

CURRENCY MOVEMENTS

Currency		May 19		May 18		Divergence	
Currency		Rate		Rate		Limit	
Belgian Franc	44.9008	45.1023	+0.19	44.9008	45.1023	+0.19	45.1023
Danish Krone	8.46104	8.46104	0.00	8.46104	8.46104	0.00	8.46104
German D-Mark	2.3636	2.3636	0.00	2.3636	2.3636	0.00	2.3636
French Franc	6.55958	6.55958	0.00	6.55958	6.55958	0.00	6.55958
Italian Lira	1,936.27	1,936.27	0.00	1,936.27	1,936.27	0.00	1,936.27
Japanese Yen	236.36	236.36	0.00	236.36	236.36	0.00	236.36
Netherlands Guilder	2.3636	2.3636	0.00	2.3636	2.3636	0.00	2.3636
Portuguese Escudo	200.484	200.484	0.00	200.484	200.484	0.00	200.484
Spanish Peseta	166.637	166.637	0.00	166.637	166.637	0.00	166.637
Swedish Krona	4.66337	4.66337	0.00	4.66337	4.66337	0.00	4.66337
Swiss Franc	2.0710	2.0710	0.00	2.0710	2.0710	0.00	2.0710
U.S. Dollar	1.0000	1.0000	0.00	1.0000	1.0000	0.00	1.0000

Based on trade weighted average from Washington against Deutsche Mark 1971. Bank of England Index (base average)

CURRENCY RATES

Currency		May 19		May 18		Divergence	
Currency		Rate		Rate		Limit	
Belgian Franc	44.9008	45.1023	+0.19	44.9008	45.1023	+0.19	45.1023
Danish Krone	8.46104	8.46104	0.00	8.46104	8.46104	0.00	8.46104
German D-Mark	2.3636	2.3636	0.00	2.3636	2.3636	0.00	2.3636
French Franc	6.55958	6.55958	0.00	6.55958	6.55958	0.00	6.55958
Italian Lira	1,936.27	1,936.27	0.00	1,936.27	1,936.27	0.00	1,936.27
Japanese Yen	236.36	236.36	0.00	236.36	236.36	0.00	236.36
Netherlands Guilder	2.3636	2.3636	0.00	2.3636	2.3636	0.00	2.3636
Portuguese Escudo	200.484	200.484	0.00	200.484	200.484	0.00	200.484
Spanish Peseta	166.637	166.637	0.00	166.637	166.637	0.00	166.637
Swedish Krona	4.66337	4.66337	0.00	4.66337	4.66337	0.00	4.66337
Swiss Franc	2.0710	2.0710	0.00	2.0710	2.0710	0.00	2.0710
U.S. Dollar	1.0000	1.0000	0.00	1.0000	1.0000	0.00	1.0000

Based on trade weighted average from Washington against Deutsche Mark 1971. Bank of England Index (base average)

THE DOLLAR SPOT AND FORWARD

Currency		May 19		May 18		Divergence	
Currency		Rate		Rate		Limit	
Belgian Franc	44.9008	45.1023	+0.19	44.9008	45.1023	+0.19	45.1023
Danish Krone	8.46104	8.46104	0.00	8.46104	8.46104	0.00	8.46104
German D-Mark	2.3636	2.3636	0.00	2.3636	2.3636	0.00	2.3636
French Franc	6.55958	6.55958	0.00	6.55958	6.55958	0.00	6.55958
Italian Lira	1,936.27	1,936.27	0.00	1,936.27	1,936.27	0.00	1,936.27
Japanese Yen	236.36	236.36	0.00	236.36	236.36	0.00	236.36
Netherlands Guilder	2.3636	2.3636	0.00	2.3636	2.3636	0.00	2.3636
Portuguese Escudo	200.484	200.484	0.00	200.484	200.484	0.00	200.484
Spanish Peseta	166.637	166.637	0.00	166.637	166.637	0.00	166.637
Swedish Krona	4.66337	4.66337	0.00	4.66337	4.66337	0.00	4.66337
Swiss Franc	2.0710	2.0710	0.00	2.0710	2.0710	0.00	2.0710
U.S. Dollar	1.0000	1.0000	0.00	1.0000	1.0000	0.00	1.0000

Based on trade weighted average from Washington against Deutsche Mark 1971. Bank of England Index (base average)

THE POUND SPOT AND FORWARD

Currency		May 19		May 18		Divergence	
Currency		Rate		Rate		Limit	
Belgian Franc	44.9008	45.1023	+0.19	44.9008	45.1023	+0.19	45.1023
Danish Krone	8.46104	8.46104	0.00	8.46104	8.46104	0.00	8.46104
German D-Mark	2.3636	2.3636	0.00	2.3636	2.3636	0.00	2.3636
French Franc	6.55958	6.55958	0.00	6.55958	6.55958	0.00	6.55958
Italian Lira	1,936.27	1,936.27	0.00	1,936.27	1,936.27	0.00	1,936.27
Japanese Yen	236.36	236.36	0.00	236.36	236.36	0.00	236.36
Netherlands Guilder	2.3636	2.3636	0.00	2.3636	2.3636	0.00	2.3636
Portuguese Escudo	200.484	200.484	0.00	200.484	200.484	0.00	200.484
Spanish Peseta	166.637	166.637	0.00	166.637	166.637	0.00	166.637
Swedish Krona	4.66337	4.66337	0.00	4.66337	4.66337	0.00	4.66337
Swiss Franc	2.0710	2.0710	0.00	2.0710	2.0710	0.00	2.0710
U.S. Dollar	1.0000	1.0000	0.00	1.0000	1.0000	0.00	1.0000

Based on trade weighted average from Washington against Deutsche Mark 1971. Bank of England Index (base average)

EXCHANGE CROSS RATES

Currency		May 19		May 18		Divergence	
Currency		Rate		Rate		Limit	
Belgian Franc	44.9008	45.1023	+0.19	44.9008	45.1023	+0.19	45.1023
Danish Krone	8.46104	8.46104	0.00	8.46104	8.46104	0.00	8.46104
German D-Mark	2.3636	2.3636	0.00	2.3636	2.3636	0.00	2.3636
French Franc	6.55958	6.55958	0.00	6.55958	6.55958	0.00	6.55958
Italian Lira	1,936.27	1,936.27	0.00	1,936.27	1,936.27	0.00	1,936.27
Japanese Yen	236.36	236.36	0.00	236.36	236.36	0.00	236.36
Netherlands Guilder	2.3636	2.3636	0.00	2.3636	2.3636	0.00	2.3636
Portuguese Escudo	200.484	200.484	0.00	200.484	200.484	0.00	200.484
Spanish Peseta	166.637	166.637	0.00	166.637	166.637	0.00	166.637
Swedish Krona	4.66337	4.66337	0.00	4.66337	4.66337	0.00	4.66337
Swiss Franc	2.0710	2.0710	0.00	2.0710	2.0710	0.00	2.0710
U.S. Dollar	1.0000	1.0000	0.00	1.0000	1.0000	0.00	1.0000

Based on trade weighted average from Washington against Deutsche Mark 1971. Bank of England Index (base average)

THE DOLLAR SPOT AND FORWARD

Currency		May 19		May 18		Divergence	
Currency		Rate		Rate		Limit	
Belgian Franc	44.9008	45.1023	+0.19	44.9008	45.1023	+0.19	45.1023
Danish Krone	8.46104	8.46104	0.00	8.46104	8.46104	0.00	8.46104
German D-Mark	2.3636	2.3636	0.00	2.3636	2.3636	0.00	2.3636
French Franc	6.55958	6.55958	0.00	6.55958	6.55958	0.00	6.55958
Italian Lira	1,936.27	1,936.27	0.00	1,936.27	1,936.27	0.00	1,936.27
Japanese Yen	236.36	236.36	0.00	236.36	236.36	0.00	236.36
Netherlands Guilder	2.3636	2.3636	0.00	2.3636	2.3636	0.00	2.3636
Portuguese Escudo	200.484	200.484	0.00	200.484	200.484	0.00	200.484
Spanish Peseta	166.637	166.637	0.00	166.637	166.637	0.00	166.637
Swedish Krona	4.66337	4.66337	0.00	4.66337	4.66337	0.00	4.66337
Swiss Franc	2.0710	2.0710	0.00	2.0710	2.0710	0.00	2.0710
U.S. Dollar	1.0000	1.0000	0.00	1.0000	1.0000	0.00	1.00